

Exporting and Importing:

*A basic how-to guide to help you get started in
international trade*

1997

By: Kathryn A. Russell

PLEASE NOTE: This guide is intended to provide you with **general information only** about exporting and importing. It is **not intended to provide legal advice**, nor is it intended to answer every potential question or address every potential issue which may arise in exporting and importing. Because the decision to export or import has financial and legal implications, **you are advised to consult with professionals in the field**, including attorneys, bankers, accountants and other specialists before undertaking any serious business decision such as the decision to export or import. Further, because the responsibilities and requirements of agencies change over time, you are advised to verify the specific procedures you will need to follow prior to starting your particular transaction by talking with the appropriate agencies, advisors or organizations. Neither CTED nor the author is responsible for any damages arising out of failure to verify, consult, or prudently handle your exporting or importing venture.

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TABLE OF CONTENTS

INTRODUCTION	vi
BEFORE YOU BEGIN: THE BASICS	vii
INTERNATIONAL TRADE AND ITS IMPORTANCE	vii
Restrictions on exports and imports	viii
Dumping	ix
Duties and refunds	x
Foreign Trade Zones	x
SECTION ONE: EXPORTING	1
STEP 1: MAKE THE DECISION TO EXPORT	2
Resources required	2
Benefits and risks	3
Making the Commitment	3
STEP 2: DECIDE WHAT AND WHERE TO SELL	4
Choosing your product	5
A special case: exporting services	6
Choosing your target market	8
a. Specific country information	9
b. Specific product and industry information	10
c. Protection of your property	12
Finding general information	12
Finding cultural information	15
Finding information for risk management	16
STEP 3: DECIDE HOW TO EXPORT	17
Trading partners: choosing the type	17
Trading partners: the relationship	17
Trading partners: the agreement	20
Exporting on your own: considerations	21
STEP 4: DETERMINING PRICE	22
Altering your product	22
Getting your product to the market	23
a. Methods of transport	23
b. Selecting a freight forwarder	24
c. Packaging	24
d. Insuring your product	25
e. Financing your transaction	25
f. Other considerations	27
STEP 5: MAKING THE SALE	28
STEP 6: ARRANGE TO GET PAID	30
STEP 7: GET THE REQUIRED LICENSES AND PREPARE THE REQUIRED EXPORT DOCUMENTATION	32
Export licenses	32
Other documents	33
Sending the shipment on its way	35

STEP 8: EVALUATE YOUR EXPERIENCE	35
SECTION TWO: IMPORTING	36
STEP 1: MAKE THE DECISION TO IMPORT	37
Resources required	37
Benefits and risks	38
Making the Commitment	39
STEP 2: DECIDING WHAT TO IMPORT AND WHERE TO GET IT	39
Choosing what to import	40
a. Is there a market in the U.S.?	40
b. Can the product be imported?	40
c. A special case: importing services	43
Where should you get your product?	44
a. Generalized System of Preferences and other preferences	45
b. Most Favored Nation	46
c. Foreign Assets Control Restrictions	46
d. Intellectual property issues	47
e. Country of origin issues and risks	47
STEP 3: CHOOSING HOW TO IMPORT	48
Indirect importing	49
Direct importing	50
Customs brokers	51
Relations with your import partner	52
STEP 4: FINDING A SUPPLIER AND SIGNING THE CONTRACT	52
Finding a supplier	52
Making the decision	53
Negotiating the contract	53
Test shipments	54
STEP 5: PAYING FOR YOUR PRODUCTS	54
STEP 6: GETTING THE PAPERS TOGETHER	55
Errors in invoicing	57
Marking requirements	57
Marks which create a false impression and other sanctionable behavior	58
STEP 7: GETTING YOUR SHIPMENT	58
STEP 8: EVALUATING YOUR EXPERIENCE	59
RESOURCES	60
DICTIONARY	85
SELECTED BIBLIOGRAPHY	87

FOREWORD

Washington State is a great location for any business interested in international trade. With its deep water ports, international airports, and other transportation systems, it provides many different options for someone to send or receive products (good or services) from foreign countries. Washington is also the home of many qualified, experienced people who can help companies get involved in international trade. According to a recent estimate, one out of four jobs in Washington State is currently dependent upon international trade, and that number is expected to grow in the near future until fully one-third of all jobs in the state becomes dependent upon international trade.¹

It comes as no surprise, given Washington's assets, that international trade is important for the state's economy. In 1994, more than 26 billion dollars of exports originated in Washington, and that number rose to more than 34 billion in 1995.² Although the top Washington exports traditionally have been lumber and wood products, agricultural products, transportation equipment and food and food products, there are many other products, both goods and services, sold by Washington businesses every day. Imports are also a part of Washington's economy, especially the import of motor vehicles, internal combustion piston engines, reaction engines, and parts and accessories for tractors and other vehicles.

Your business can easily join the growing number of Washington companies getting involved in international trade. This guide is intended to help you in that goal by taking you, step-by-step, through the general process of exporting or importing in clear, easy-to-understand language.

Exporting and importing are within your reach, regardless how small your business and regardless whether you have experience in international trade. Many companies which are in the position to export or import are intimidated by the "international" nature of those transactions, mistakenly believing that only big, successful companies can make money by importing and exporting.³ Nothing could be further from the truth. Companies of every size can successfully export or import, as long as they are willing to do their homework and commit the needed resources. It is our hope that this guide will provide clear, helpful information to get you started, but we welcome any comments, corrections or suggestions you may have for making future editions of this guide even better.

Although the materials in this guide are intended to help you, they will serve only as a starting point. It will be up to you to do the necessary research and work on your specific transaction. With effort, and maybe a little luck, you can join the ranks of Washington companies which successfully export and import every day.

¹ Conway, Richard, Foreign Exports and the Washington State Economy (March, 1997, CTED).

² Summit Information Services, Inc., 1994 Washington State Imports and Exports: Totals (1995, CTED); Summit Information Services, Inc., 1995 Washington State Imports and Exports: Totals (1996, CTED).

³ In fact, in 1988, the U.S. Department of Commerce estimated that there were 175,000 companies in the U.S. capable of exporting that were not doing so. Axtell, Robert, The Do's and Taboos of International Trade: A Small Business Primer (1989, John Wiley & Sons), at 1.

INTRODUCTION

Maybe you have a great product that you think will sell well abroad, or maybe you believe that something produced overseas would appeal to U.S. consumers. Maybe you don't have a product at all, but only an idea and the desire to get involved in the often exciting business of international trade.

Whatever your situation, this guide can help you reach your goals if those goals include exporting or importing. For people with little or no experience in those areas, the guide provides an easy-to-understand explanation of the basic knowledge you will need to get started. Those with greater experience will still find this guide useful, not only as a "refresher course" on the basics but also as a source for often hard-to-find addresses of many important agencies and organizations, including their electronic addresses, where available. Both beginners and more experienced exporters and importers can benefit from the selected bibliography and Resources sections, which include articles, books, magazines and on-line sources for international trade information.

Whether you are interested in exporting or importing, you will be well served by an understanding of several important concepts. If this is your first experience with international trade, you should begin by reading "The Basics." This section explains, in general, the system of international trade. You may want to read this section even if you have some degree of experience in or knowledge of international trade. Throughout "The Basics" and this guide, you will notice certain terms are printed in bold type the first time they are mentioned. This indicates a word, phrase or concept that is explained in the dictionary contained in the Resources section at the end of the guide. Even if you choose not to read "The Basics," you may find the dictionary helpful in clarifying terms used throughout this guide.

Although there are many different types of international trade, this guide only deals with exporting and importing, taking you step-by-step through each kind of transaction and providing hints and information on both. It is important to read through all the steps in the section before making the decision to export or import, so that you are aware of potential issues before they arise. It is also important that you remember that, just as in other business transactions, exporting and importing can be multi-layered and complex. No basic guide can predict every potential issue or answer every question that you may have. This guide is a good starting point but you will need to do research into the particular issues involved in your specific transaction.

Similarly, the regulations, laws, procedures and accepted practices of exporting and importing are constantly evolving. Although the information in this guide was correct and current to the best of our knowledge as of the date this guide was published, you should always verify that the requirements for your particular transaction have not changed before you make any business decision to export or import. This holds true even if you have previously been involved in a similar transaction, because changes can occur quickly and you may not hear about them. It is well worth the time it takes to verify that you are following the right course, instead of relying on previous practices and ending up with a shipment of perishable goods languishing in a foreign port because of documentation changes.

Luckily, there are many agencies, including the Trade and Market Development Division of the Washington Department of Community, Trade and Economic Development

(CTED), that can assist you in many ways, detailed in this guide. In addition, many of the public libraries in Washington state are full of helpful books, articles and resources for you to use. Further, foreign consuls and agents are often happy to assist anyone seeking to import to or export from their countries. More detailed information about the many resources available to you is contained throughout this guide.

BEFORE YOU BEGIN: THE BASICS

INTERNATIONAL TRADE AND ITS IMPORTANCE

People from different countries had traded with each other for hundreds of years even before the landmark trade agreements of the 1940's brought new focus on world trade. In fact, the Hudson's Bay Company was operating an international trade business in the United States even before the boundaries of the country were completely formed. As long as people have been aware of other people, they have traded with each other to expand and improve their own lives, giving something that they had to get something else in return.

The shape of trade relationships has changed drastically and continues to change along with the nature of transport, travel, production and communication. Today, international trade involves a vast number of different types of transactions, ranging from selling products originating in one country in another country (**exporting**), bringing products from a foreign country into another country (**importing**), joining with a foreign company to do business in that company's home country (**joint ventures**), and many, many others.⁴ At the same time, the types of things traded have grown to include not only traditional commodities but also **services** and even "**intangibles**" such as **copyright** and **trademark** licenses or rights. With the advent of the computer, Internet and World Wide Web, the shape of trade will continue to evolve to meet the new opportunities those systems present for communication and delivery.

Regardless of its form, international trade has been and will continue to be an extremely important part of the economy in this state and this country. Exports and imports are particularly important. It is estimated that every US\$1 billion worth of items exported creates close to 40,000 jobs and generates an additional US\$2 billion in gross national product and \$400 million in additional government revenue.⁵

Trade relationships and imbalances are often calculated based on the monetary value of exports versus imports. When the volume of imports is greater than the volume of exports, the country is said to have a **trade deficit**, because foreign firms or foreign products are selling more successfully in that country than the country's products or firms are selling in foreign countries. A country has a **trade surplus** when imports exceed exports. Because having a trade surplus is considered better than having a trade deficit, the vast majority of countries devote most of their government's resources to assisting companies and citizens in export efforts rather than helping importers. In the past ten years, there has been a lot of

⁴ Because of their complexity, methods of international trade other than exporting and importing will not be discussed in this guide, although definitions are provided for many common practices in order to familiarize you with those ideas in case you choose to pursue them.

⁵ U.S. Department of Commerce, A Basic Guide to Exporting (1996, NTC Business Books), at vii.

discussion about the U.S. trade deficit, which is seen by many as an indication that the U.S. is not as competitive as it should be in world trade.

Like any business transaction, exporting and importing involve local laws and regulations. However, unlike traditional domestic business, exporting and importing also involve the laws and regulations of another country. For example, if you export a product from your country, country A (the **country of origin** or **source country**) to another country, country B (the **destination or target country**), your business will need to follow all the laws and rules in country A for taking that product out of that country, as well as all the laws and rules in country B for bringing that product into that country. Similarly, if you live in country A and decide to import something from country B into your country, you will have to follow all the laws and rules in country B for taking that product out of that country, as well as the laws and rules in country A for bringing that product in.

Thus, exporting and importing go hand in hand, and political issues involving one invariably involve the other. For example, a country may sometimes restrict imports on products from another country when the second country is perceived to have placed limits on the exports from the first country. A third kind of law, **international law**, may then apply to the export/import transaction, because many countries have agreed, under international law, to open their markets and limit the amount of restrictions placed on other countries' products.

RESTRICTIONS ON EXPORTS AND IMPORTS

In the U.S., there are several reasons for restrictions or prohibitions on imports. Foreign products may not have been made with the same quality and health requirements that the same product would have to meet if made in the U.S. Import of many items is therefore restricted or prohibited in order to safeguard consumer health and well-being. Other restrictions or prohibitions may exist to ensure that domestic plant or animal life is not adversely affected by foreign diseases or non-indigenous plants or animals. Some restrictions may stem from government interest in safeguarding essential domestic industries, or in response to **unfair trade practices** in the state of origin.

There are far less U.S. restrictions on exports than imports, although there are several countries no U.S. entity is permitted to do business with due to **embargoes**. There are also sometimes limits on what can be sent to a particular country, such as restrictions on everything but humanitarian aid or limits on export of sensitive technology to a particular country.

Antiboycott regulations may also limit your actions abroad. The U.S. is opposed to restrictive trade practices imposed against countries friendly to the U.S. and the antiboycott regulations are designed to prevent U.S. citizens from participating in those practices. For example, in Arab countries, it is sometimes common for contracts or business agreements to contain clauses prohibiting or restricting the parties from engaging in trade with Israel. A U.S. citizen signing such a contract or agreement will likely have violated the antiboycott regulations of the U.S. and may be subject to fines or other penalties as a result.

Antidiversion laws also apply to exports from the U.S. Under those laws, a "destination control statement" is required on all shipping documents. The statement tells the carrier and all foreign parties that the export is licensed only to go to a certain destination and may not be diverted.

Antitrust laws are designed to prevent trade restraints such as price fixing, division of markets by competitors, and certain “tying” agreements, among other practices. Antitrust laws can apply to distribution agreements with foreign agents, overseas joint ventures, mergers and acquisitions and other transactions.

Among the more significant international agreements on trade are the World Trade Organization (WTO) agreements, the most recent agreements supplanting the former General Agreement on Tariffs and Trade (GATT). The WTO is actively involved in monitoring trade practices and resolves disputes about international trade. In the U.S., the Office of the U.S. Trade Representative (USTR) represents the country’s interests in trade situations. The USTR also investigates when it is believed that another country’s trade practices are unfair to U.S. companies.⁶

The USTR is not the only government agency involved in promoting international trade or protecting U.S. interests. The International Trade Administration of the Department of Commerce is a large division devoted to the promotion of international trade. Agricultural trade is promoted through the Foreign Agricultural Service of the Department of Agriculture. Trade and investment in developing countries is promoted by many agencies, including the Overseas Private Investment Corporation, which provides U.S. businesses with political risk information and insurance for certain transactions with specific countries.

DUMPING

The United States and many other countries maintain antidumping laws which are aimed at preventing the importation of unfairly priced products. **Dumping** is said to have occurred when the imported merchandise is exported to the United States (or other country) at less than the “normal value” of the merchandise. A price is less than the “normal value” if it is less than the price at which identical or similar merchandise is sold in the comparison market (usually that of the exporting country), or the “constructed” value of the merchandise (constructed export price.)⁷

In the United States, the U.S. Department of Commerce (DOC) Import Administration, the International Trade Commission (ITC) and the U.S. Customs Service are all involved in the enforcement of antidumping laws. If a U.S. industry feels that it is being injured by reason of unfairly traded merchandise, that industry can petition DOC and the ITC to initiate an antidumping investigation. If the ITC determines that imports are causing or threatening injury to the U.S. industry and DOC determines that the merchandise is being sold below normal market value in the U.S., the antidumping investigation will go forward. U.S. Customs is the agency responsible for assessing any antidumping duties on imports of unfairly traded merchandise to the U.S. Any U.S. antidumping duty rates are based on DOC’s investigation. The rate of such duties is usually based on the percentage by which the normal market value of the merchandise (price of the product in the home market or constructed value) exceeds the price of the merchandise exported to the United States.⁸

⁶ The USTR also monitors unfair trade practices that U.S. companies have reported and compiles a yearly summary of those practices which is available at many libraries and through the Government Printing Office (see **Resources** for contact information).

⁷ More detailed information or explanations of constructed value calculations and other issues related to dumping is available through DOC, ITC or U.S. Customs. See **Resources** for addresses.

⁸ Other countries may calculate antidumping duties differently and duties imposed by the U.S. may vary. Any questions about specifics should be addressed to the relevant agencies in the U.S. or abroad.

Needless to say, make sure you do not run afoul of dumping prohibitions in your target country if you are exporting or in the U.S. if you are importing.

DUTIES AND REFUNDS

Every time something is imported into the U.S., U.S. Customs and other agencies have the authority to levy duties (fees paid on the imports, sometimes based on weight), taxes or other fees. However, if you import something for use in a product that is then exported, you may be entitled to a **drawback** or refund of up to 99% of the duties you paid at the time of import. You may also be entitled to a drawback if something you import does not conform to the sample or specifications that you relied on in placing your order. In such situations, you will have to return the imports to U.S. Customs and reexport them within a specified period of time (usually 90 days from when they were initially released from Customs). You may be able to get a refund of the entire amount you paid in duties if the nonconforming goods have been continuously in Customs custody or were refused entry into the U.S. and the goods are destroyed or exported under Customs supervision. Like all other rules involving trade, the rules on duties, refunds and drawbacks change periodically and it is important for you to contact U.S. Customs to get more details about the rules which will apply to your transaction.⁹

FOREIGN TRADE ZONES

A **foreign trade zone** is an area, usually within the U.S., which U.S. Customs treats as outside the country. In other words, any foreign or domestic merchandise contained within the zone is considered "in" international commerce. Items may be imported into the zone from a foreign country without being subject to U.S. Customs duties or taxes until those items are later taken out of the zone and brought into the U. S. for consumption or sale.

There are many benefits of foreign trade zones. Because duties are not paid while items are in the zone, a company may increase its cash flow in a given period by keeping items there temporarily. Manufacturers who use a foreign component in finished products which will ultimately be exported can import the component into a zone free of duties, assemble the product in the zone, and export it.¹⁰ Alterations to imported products can also be effective in reducing duty rates, because the duties levied on component parts may differ from the duties levied on the finished or altered product. In addition, duties are generally not required to be paid for labor, overhead and profit arising from production which takes place in a foreign trade zone. The same production done overseas would likely be subject to duties.

Further, if a product is subject to a current quota limitation preventing it from being imported into the U.S., the product can be held in a zone until the quota opens. A product may also be transformed or altered in a zone until the product is no longer subject to the quota and can be imported. For example, if a product is subject to a yearly quota which has

⁹ See **Resources** for a list of U.S. Customs offices in Washington State.

¹⁰ Theoretically, of course, any duty paid on components of a product which is later exported can be at least partially regained under drawback laws. However, it can take some time for those repayments to arrive; time during which the money you spent on duties could have been used for other business needs.

already been filled, but there is no quota on widgets containing that product, the product can be incorporated into widgets and then imported into the U.S.

Another benefit of foreign trade zones is that items in zones are not generally subject to state and local **ad valorem** taxes and many inventory taxes, although this may vary from state to state and year to year. Merchandise in a zone may be, among other things, stored, tested, cleaned, sampled, relabeled, repackaged, exhibited, displayed, repaired, processed, assembled, salvaged, manufactured or mixed. Each zone administrator can provide information on the specific actions which may be taken in the respective zone.

One limitation of foreign trade zones is that anything imported for use on products in a zone has to be first “entered for consumption” into the U.S. Thus, production equipment, packaging equipment and any other equipment imported to be used on merchandise brought into a zone has to be fully imported and duties and taxes paid on it before it can be used in a zone.¹¹ There may be other limits to operations in the zone, depending upon the decisions of the Foreign Trade Zones Board of the U.S., which oversees the Foreign Trade Zones rules. You should also remember that, although zones are considered to be outside the customs territory of the U.S., they are not outside the U.S. for the purposes of other laws, such as the federal Food, Drug and Cosmetic Act. It is a good idea to consult with an attorney about potential legal implications before importing items which may be regulated into a zone.

There are two types of foreign trade zones in Washington state; general zones and subzones. General zones usually rent space on an as-needed basis, and subzones usually have one user, who owns the facility within that zone and uses it for specific needs. To get information about a particular zone in Washington, call the zone administrator or owner directly.¹²

¹¹ U.S. Customs Service; U.S. Department of the Treasury, A Basic Guide to Importing (3rd Ed., 1996, NTC Business Books), at 63.

¹² A list of zones in Washington State and contacts is in the **Resources** section in the back of this guide.

SECTION ONE: EXPORTING

Exporting does not have to be mystifying. The key to successful decision-making in exporting, as in other business ventures, is knowledge. No matter how exciting an idea may seem at first, it may not stand up to scrutiny when all of the facts are known. This section provides a step-by-step framework for the knowledge you will need in deciding what to export, where to send it and even whether you should export at all. Some potential pitfalls are pointed out along the way. However, because this guide contains only general information about exporting, it is advisable for you to seek professional assistance or more detailed information specific to your particular exporting plan before deciding to export. Armed with that assistance and the steps in this book, your company can be well on its way to successful exporting.

STEP 1: MAKE THE DECISION TO EXPORT

If you're reading this section of the guide, it is likely that you have already decided that you want to export. But there is more involved in making that decision than just desire. Although it does not have to be difficult, exporting involves resources, time and effort, often more than that required for domestic sales. You should make the decision to export only after weighing the risks and benefits and deciding that your company is willing and capable of expending the effort to make exporting a success.

Resources required

If you are already selling your product domestically, you have some idea of the resources that are required to make those sales. You already know that you need resources for many things, including manufacturing or creating the product, advertising, packaging, shipping, billing, managing the business, and after-sale service. To export, you will need those same resources, and more. Before you decide to export, you should evaluate whether your company is in the position to make exporting successful.

⇒**TIME**-This resource is often in very short supply in many businesses, but shirking on the amount of time you will commit to your exporting project is one sure way to ensure that your export efforts will fail. Most of your time in exporting will initially be taken up in research, which is absolutely crucial to ensure success. You will need to commit time to determine the proper market, the correct way to approach the market, whether your product will sell or needs modification, the laws of both the U.S. and your target country regarding your product, how to approach potential sales or customers, the culture in which you will be selling, and much, much more. Time may also play a role in even your ability to sell. For example, in some countries, you may need to spend weeks or even months in social contact with potential customers before any sales can occur.¹³ If you have not taken the time to find this out, you could spend a lot of money on travel, promotional materials and hotels, only to find your money wasted because your lack of understanding of local business practices has prevented the possibility of any sales.

⇒ **PEOPLE**-Closely related to time, this resource is equally crucial. You will need to be willing to assign people to the various tasks needed for exporting, or you will need to be willing and able to do those tasks yourself. Keep in mind that additional production may require additional employees.

¹³ Gordon, John S., and Arnold, Jack R., Profitable Exporting: A Complete Guide to Marketing Your Products Abroad (1988, John Wiley & Sons), at 3.

⇒**MONEY**-Although exporting may provide great profits in the long run, initially you are going to have to spend money to export. You may need to buy market studies, translate sales literature, redo advertising, modify packaging, pay for travel and phone calls and purchase various licenses before you ever see a payment for your product. You should also be aware that it may take more time than usual to get paid for your products and that any costs you absorb now may not be immediately recouped after your first sale. In the long run, you will probably make more than enough to compensate for the up-front costs, but you should make sure that you have the financial ability to meet those costs without jeopardizing other parts of your business, prior to exporting.

Benefits and risks

You are probably already aware that any business venture involves certain risks. Exporting, like other international transactions, involves not only the normal risks of a domestic sale but also the risks from of business in a foreign country. At the same time, exporting opens up the world as a market, instead of limiting you to U.S. consumer tastes, needs and purchasing habits.

Most of the risks from exporting can actually be minimized or even eliminated with careful planning and effort on your part. Simply by knowing what the potential risks are, you will be able to make a better decision. For example, one potential risk is that the target country government might be overthrown, thus changing possible rules and regulations which will affect your product. However, if you have done your research, you will be aware of the political situation in your target country and will have identified any U.S. or private organizations willing to provide you with political risk insurance which might cover the new situation. Similarly, risks from potential currency fluctuations may be avoided or minimized by researching the possible ways to "hedge" or to structure a deal.

Obviously, the benefits and risks for your company will vary greatly from those another company may face, depending upon your product, company, the target country, and other variables. The best way to determine your particular risks and advantages is to first consider general risks and benefits and then consider how they affect your company. The list of potential benefits and risks on the next page may be helpful in making that determination. Talking to others who export can also be very helpful. You can often find great network opportunities through export, trade, or industry associations.¹⁴ Such groups may also help you identify any risks associated with your particular industry or product. You may also want to talk to a risk management specialist familiar with your target country once you know where you will be doing business.

Making the Commitment

Now that you are aware of the resources involved, as well as some of the potential risks and benefits, the next part of making the decision to export is making your commitment real by defining your goals. If you are willing to commit the necessary resources and believe the potential benefits outweigh the risks for your particular situation, you might want to set time limits for each of the next steps. For example, you might plan to have your product, market and sales form selected by particular dates. This will require you to commit the appropriate resources towards reaching those goals.

¹⁴ The Trade Development Alliance of Greater Seattle, Washington Council on International Trade and CTED have compiled a guide containing information on industry groups and trade associations in Washington. The guide, "Tools of the Trade," is available through those agencies. See **Resources** for addresses.

POTENTIAL BENEFITS

- enhance domestic competitiveness
- increase sales and profits
- gain global market share
- reduce dependence on existing markets
- extend sales potential of existing products
- enhance production capacity by using excess
- expand company awareness of other, similar products worldwide

POTENTIAL RISKS

- expense of developing new promotional material
- subordinates short-term profits to long-term gains
- involves added administrative costs
- expense of modifying products and/or packaging
- longer wait for payments/difficulty in collection
- additional legal requirements of exporting
- political and cultural risks
- additional costs/personnel requirements for travel
- may require additional financing to fund

Adapted from Small Business Administration, Breaking Into the Trade Game: A Small Business Guide to Exporting (1993, Small Business Administration), at 3-4.

Ultimately, you will need to determine whether exporting fits into your company's future. Ask yourself what you want to gain by exporting, and whether exporting is consistent with other company goals. Remember to make sure you know the demands exporting will place on your company's management, personnel, production capacity and finance. It is worth noting that the U.S. Department of Commerce considers failure to plan, insufficient commitment by management towards exporting, and failure to prepare among the twelve most common mistakes potential exporters make.¹⁵ Once you have determined that the expected benefits are worth the costs, you are ready for the next step.

MANAGEMENT ISSUES IN EXPORTING

- Who will run the export department or manage the export transaction?
- What are your expectations for exporting?
- Will exporting require changes in your organization's structure in order to be effective?
- Who will follow through to make sure the goals towards exporting are being met?
- How is present production capacity being used?
- Will filling export orders hurt domestic sales?
- Who will be responsible for determining whether design or packaging will need to be changed for export?
- What amount of capital can be tied up for the export effort?
- What initial expenses are expected and how will they be supported?

STEP 2: DECIDE WHAT AND WHERE TO SELL

You may already know what you want to sell, or you may not have decided yet. You should try to narrow your choice down to two products. More than two potential products will require a significant amount of research, and some products will be much harder to research than others. Deciding which product you will export will involve answering a number of questions, which can be very time-consuming even with only two potential products.

Similarly, deciding which country to sell your export product in (your target country) will be far easier if you start examining only two countries and comparing them. If you choose to look at more potential target countries, you will need a lot of time, because

¹⁵ Basic Guide to Exporting, *supra* note 5, at 85.

country research is probably the most time-consuming part of exporting. Most experts recommend targeting only one country at a time until you have learned the market and established a presence there.

To some degree, selecting a product is dependent upon selecting a market, and vice versa. For example, you may not know that your line of hats are the best product for you to export until you know more information about your target country, country X. Research may reveal that country X has a great market for hats, has no cultural factors that would cause problems for the sales of hats, has a population that buys lots of hats, has a stable government and no quotas prohibiting entry of hats, and has a great infrastructure supporting delivery of your hats. Or you may discover that country X is not a good location to sell your hats but would be a good place to sell scarves, while country Y is a great place to sell hats. Thus, you may start out researching the possibility of exporting a particular product to a particular country and end up discovering that a different product would sell better in your target country or that another country would be a better place to sell your product. Although the issue of choosing a product comes before choosing a market in this guide, the two choices are actually made at roughly the same time.

Choosing your product

There are many questions you will have to answer in order to choose your product, unless you have chosen already. Even if you think you know which product you want to sell, keeping an open mind may help you be more profitable in the long run. The great product that sells like crazy in the U.S. may not sell in country Z, not because it is suddenly a bad product but because there may be cultural issues or other problems preventing your product from succeeding at this time. Don't hesitate to put something aside for awhile to check again later; markets change, sometimes very rapidly.

You should also be wary of assumptions you may be making about whether you should sell your product abroad. Assumptions often masquerade as common sense beliefs about whether your product will sell. For example, you would probably assume that it would be impossible to sell sand in Saudi Arabia or chopsticks to Asian countries. Common sense tells you that Saudi Arabians wouldn't need or want to buy something they have piles of, and that the chopsticks market would be saturated in countries where chopsticks are used daily. However, successful U.S. exporters who ignored their assumptions and did their homework discovered that those products would actually sell in those markets very well.¹⁶ In deciding which product to export, note your assumptions and consider whether those assumptions might be preventing you from exporting something that might actually be well received.

Obviously, if you only make one product or perform one service, that is the product you were probably thinking about when you decided to get information on exporting. There are other questions you can ask to help you determine what to sell, aside from the question of what you already make or do. Finding the answers to these questions may help focus your decision, or at least narrow it to two potential products.

¹⁶ Axtell, *supra* note 3, at 5.

A special case: exporting services

Services are a fast-growing area of exports for U.S. companies. According to the U.S. Department of Commerce, trade in services is increasing, and the world market for services has grown at a far faster rate than the world market for merchandise.¹⁷ U.S. telecommunication companies, accounting firms, architects, management consulting firms and many others are taking advantage of their skills and abilities in markets where their comparative expertise is desperately needed. If your company is involved in the business of providing services domestically, you may be considering exporting your services by selling them to customers abroad.

DECIDING WHICH PRODUCT TO EXPORT: QUESTIONS TO ASK

- ⇒ **What are the major products or services my business already sells?**
- ⇒ **How much inventory do I have/need for domestic sales and will I have enough to meet needs in both markets or the resources to make sure I have enough?** It is especially important not to treat your export business as a “side” business which exists solely to handle your extra stock. Foreign consumers will often see this as a lack of commitment to their country's market and may be concerned about that attitude, especially for products which may require after-sales service. Your sales may suffer if you don't take your foreign market seriously.
- ⇒ **What makes the product unique or especially suited for export?** Is the technology beneficial and unusual, or is my product high-quality, or do I provide a service that is needed in the target market and which I can offer for a competitive price? Are there regulations, tariffs or laws which affect this type of product and may make it difficult or not profitable to export? Is my product superior to those already in the market? Obviously, these questions are country-specific and have to be answered in conjunction with country research.
- ⇒ **How much after-sales service does my product require?** Will I need to be able to set up service agreements with local firms or provide my own service staff? Will there be a secondary market for parts or follow-up service and do I have the facilities or ability to provide that? There are many stories of companies that sold products in foreign markets without ensuring that there was adequate servicing afterward. The next product introduced by such companies is not very likely to sell well in a market where consumers are frustrated with their previous products or services.
- ⇒ **Will this product create further business for me in that market in the future?** Are there secondary products, such as optional accessories or complementary items that may become desirable to consumers of your first product? If so, this may weigh in favor of exporting, if your company is interested in continuing and expanding its export program.
- ⇒ **Are there limitations on where I can sell my product?** Some surprising products can be subject to export regulation and limitations by the U.S. government, if the products or their components have strategic applications. For example, the U.S. State Department may determine that a seemingly benign computer component which powers a dental machine should be subject to export limitations because the component can be altered or converted for weapons use. Although rare, limits on product or service exports are best dealt with before you have made a sale and expended money and energy. Always research this issue, just in case
- ⇒ **Are there U.S. or foreign government incentives for exporting this product?** For example, if your product is agricultural, the Foreign Agricultural Service (FAS) of the U.S. Department of Agriculture may have resources specifically dedicated to helping you export. Foreign governments interested in particular products, especially infrastructural products not available through local sources, may have created incentive programs to encourage exporters to bring those products into their country.

¹⁷ Basic Guide to Exporting, *supra* note 5, at 25.

Much of the information in this guide relates to both goods and services, and for that reason the general word "product" has been used throughout. However, you should be aware that exporting services can be a very different experience than exporting goods. Although you will still have to determine a market and examine it thoroughly, you may find that exporting services requires far greater research into the culture and business practices of your target country. For example, if your product is a marketing service or a particular method of management, you may find that certain aspects of your product have to be altered in order to avoid offending cultural sensibilities.

You may also be faced with vast differences in the kind of assets U.S. businesses normally have as compared with those of your foreign clients. If your service product involves writing computer programs geared towards the specific needs of your clients, you may be used to dealing with, at the least, computers with certain types of systems or processing units and software. However, the well-known operating system you may be used to in the U.S. may not be available in your target country or may be prohibitively expensive for the average businessperson there. You will need to remember these differences and make no assumptions about the operating systems or other assets of your potential foreign buyer when you are preparing to sell or perform your services in foreign markets.

You should also be aware of some differences in the way goods and services are treated when they are exported. You may have no trouble getting your product to a foreign market if it is a good, but if it is a service that will be performed by your employees or yourself, you may run into limits on employment of foreign nationals. You will need to check with the customs officials of your target country to find out if any potential limitations apply to you.

You may also experience difficulties in performing tasks ordinarily performed by regulated professions in your target country. For example, if you are have a paralegal service, you may find yourself running afoul of limits on the practice of law in your target country if they do not have an established paralegal exemption to licensing requirements. Be sure to check not only the standard professional designation for your activity in the U.S. but also related designations, in case your target country defines your work differently than it is defined here.

Although the recent World Trade Organization negotiations concluded an agreement on trade in services, it remains to be seen whether the many obstacles to such trade will be lifted. It is strongly recommended that you ask for guidance in exporting your services. You might want to contact someone in your target country who already performs similar services and is willing to work with you to help you understand the requirements. You may need to get special licenses, agree to use a certain percentage of local labor or materials, or otherwise be subject to limitations by the target country, so make sure to do your homework before getting on the plane.

Another difference between goods and services exports is the documentation required. Obviously, because you yourself are likely to be the "product," you do not have to package yourself in the traditional sense. However, you will need to ensure that you have the required visas and other documentation for you to enter and perform services in the target country. Sometimes this may involve getting a certification or prior approval from a government agency in the target country, containing a statement that there are no nationals qualified to perform the service you will be performing. There may also be limits on the amount of time you can spend in a particular country on a particular kind of visa.

If your service is something that is conducted mostly in the U.S. with only a summary or report going to the foreign buyer, you should also be aware that many exemptions for taxes may not apply to you. For example, in Washington State, there is a business and occupation tax break which usually applies whenever you send your goods out of state for sale. In contrast, however, your service exports may not be eligible for that deduction, unless the bulk of your work is done outside the state.¹⁸ It is a good idea to investigate the potential tax consequences of exporting your services in advance so that you are aware of the requirements and costs.

There are also a few U.S. limitations on exporting services. For example, certain sensitive technological information may not be allowed out of the country due to concerns about its use. Make sure to check with the U.S. Department of Commerce and State Department, as well as any other federal agencies that may regulate your service, before signing any contracts. You may also want to contact the U.S. Department of Commerce Office of Service Industries, which often has information on opportunities and operations of services trades abroad.

Choosing your target market

There are many questions you will need to answer before selecting the target market for your exports. You will need to gather basic country information, specific product or industry information, specific market information and information about potential protection for your product. Narrowing your search to just two countries may take a little effort. It is a good idea to start out by gathering U.S. export data on your particular product for the last three years, noting the destination countries for that product. In order to do this, you will need to first identify the Standard Industrial Classification (SIC) Code number for your product, because U.S. export statistics have been collected according to those numbers.¹⁹ You can get this information by looking in the Classification manual, usually available at public libraries or the libraries of trade-related government agencies.

Once you have the SIC number, you can look at export statistics. You might try start with the Export Statistics Profiles available through the Department of Commerce, the U.S. Bureau of the Census, or the export statistics available from the National Trade Data Bank.²⁰ You can then determine which markets your product has been sent to in the past few years. Comparing trade statistics for several years will help you identify any trends. Have sales decreased in country F over the last few years, or are they increasing? Even if a country has not previously been a market for the product, you can search similar or compatible products to see if there may be a market there. You may also want to check to see what other countries have been involved in exporting your product to those countries, to get an idea of

¹⁸ Washington State Department of Revenue, Guide to Completing the Washington State Combined Excise Tax Return (Monthly/Quarterly Filers), March 1996, at 16. See **Resources** for contact information for the Department.

¹⁹ Beginning in 1997, the data will be collected according to Harmonized Tariff Schedule numbers, so you may need to determine the HTS numbers for your potential product if you are researching exports for that year or later.

²⁰ The NTDB is a database filled with trade-related information, including information from the Department of Commerce International Trade Administration. The NTDB comes in CD-ROM form and is available online and at some libraries. There may be a charge for on-line searching. The Seattle office of CTED has had the NTDB available for public use in the past; check with that office for current availability. See **Resources** for contact information.

the competition. This information may be harder to find or may cost you money, but can help you determine whether your product can be potentially competitive. Once you have a general idea of the top two potential markets for your product, you will need to get more specific information before making your choice. Specific country, product and industry information will be essential as will other issues, such as intellectual property, cultural issues and risk management.

a. Specific country information

The first questions you should ask about your two potential target markets are the easiest and often the most overlooked; the basics. You may already know that country X is in Europe and that the people in that country speak French. However, do you know how many people live in the country and how much of their income they spend on luxury items?

SOME ISSUES IN SELECTING POTENTIAL TARGET COUNTRIES

VOLUME POTENTIAL: If your objective is to seek the highest sales with the least investment, promotion and personnel, then look for countries with a long history of importing that have been importing large quantities of products similar to yours. You will still have to compete on price, quality, service and reliable delivery.

HIGH MARKET SHARE: If you are looking for countries in which you will have a potential comparative advantage, look for markets in which U.S. exports have traditionally done well. This will indicate that U.S. products are well-received and that there may be compatible U.S. products already in use in the market.

LOCATION: You will save time and money if you choose as your initial targets countries which are geographically close to where your product is produced.

LANGUAGE: There may be a definite advantage in choosing countries which use languages you are familiar with or speak yourself. Beware of the “different English” snafus; communication problems which arise even though both parties speak English because slang and other terms have different meanings to the different parties.

STEADY IMPORT HISTORY: A country with a steady history of importing, especially in your product area, may be a great place for your exports. If you notice a recent decline in imports for your products or in general, there may be tighter import restrictions, increased local competition, or other causes. Keep in mind that exporters may leave a market if it is difficult to remove profits or if local business practices have proved unfavorable for business. Look for any foreign exchange problems, repatriation rules (i.e., limits on the amount of money which can be taken out of the country by foreign entities), or other potential problems.

POLITICAL AND ECONOMIC STABILITY: Although we are used to a stable government and economy in this country, many countries undergo economic fluctuations and changes of government that would alarm U.S. citizens. Learn as much as possible about the history of the government and economic stability of your target country so that you will be able to determine when changes are normal for the country or are a sign of potential upheaval. You should be particularly careful if you select a country which has gone through a recent economic or political upset: get advice from risk-management professionals if you have any doubts at all.

Do you know whether French is the only official language of the country or will there be other languages or dialects that you will need to be aware of so that you can translate your marketing or package materials into the required languages? Do you know whether the country has deep water ports or reliable overland transportation? What are the general living conditions of your potential consumers?

Something as simple as the average amount of storage space available in homes can be a crucial factor in the success or failure of your export goals. For example, Proctor & Gamble thought Japan would be a great market for their disposable diapers after discovering that Japanese parents change diapers more frequently than their American counterparts.

BASIC INFORMATION YOU SHOULD KNOW ABOUT YOUR TARGET COUNTRY:

- Population size/density
- Urban/rural distribution
- Climate/weather conditions
- Shipping distances and infrastructure
- Natural resources/energy forms
- System of government
- Political stability/continuity
- Attitudes towards foreign businesses
- Attitudes towards the U.S. and U.S. products
- National and economic development priorities
- Level of economic development
- Role of foreign trade in the economy
- Currency/inflation rate/availability of hard currencies
- Financial controls/stability of exchange rate/limits on taking profits out of the country
- Per capita income and income distribution
- Disposable income and expenditure patterns
- Literacy rate/educational level
- Gender roles
- Similarities/differences to U.S. market

Despite research showing that their product was competitively priced and good quality, Proctor & Gamble's sales of diapers in Japan were sluggish. It turned out that the barrier to sales was the storage space in average Japanese homes, which is far smaller than that in the average U.S. home. By making a more compact diaper and packaging it in smaller quantities, Proctor & Gamble found success in the Japanese diaper market.²¹

This example illustrates the importance of research and basic country information in your exporting plan. You will need to know as much or more about your potential foreign consumers, their habits, lifestyles and living conditions as you would if you were selling to consumers in this country.

The National Trade Data Bank (NTDB) is an invaluable source of information on target countries. The NTDB is a computer research source available on CD-ROM or online (for a fee). The NTDB includes publications by virtually all of the federal agencies involved in international trade, including the Country Commercial Guides prepared by the Department of Commerce, which have information on marketing, trends, political structure, and even tips on expected areas of trade and economic growth. The NTDB also contains market research reports with detailed information on specific products in a particular market. In the past, CTED's Seattle office has had a copy of the NTDB available for public use; check with that office for current availability. You may also be able to find it at public libraries, federal depository libraries, or on the Internet by subscription for a fee.²²

b. Specific product and industry information

Your next step is to determine specific information about how your potential target country treats your product or industry. If you did your research before narrowing down

²¹ Ricks, David A., Blunders in International Business (1988, Blackwell Business), at 19.

²² See **Resources** for the internet address.

your search to two countries, you will already have an idea of whether the product is already sold or provided in the target country and by how many companies. More important, what kind of companies are already involved in the industry? If all the companies are state-run or government subsidized, or if there are no foreign competitors, that may be a good clue to the level of restrictions of that industry in that country. It may mean that the government of that country considers the industry so important that it tries to protect against outside competition in that field, which could make your exporting efforts very difficult. Of course, it may just mean that no other companies have thought to export that product to that country, and you may be very successful. You will need to check the history of the target country's acceptance of your potential export product and look carefully at your target country's government regulation of the industry in order to make an informed decision.

Another good source of specific product and industry information is trade projections compiled by either industry trade groups or U.S. government agencies involved with your particular product. Such projections usually contain forecasts on the estimated future market for your particular product in particular countries, cities or worldwide. Although a market for a particular product may be slow or difficult right now, you may find that the market is expected to improve greatly in the near future, due to government promotion or other changes which affect the market. In that situation, you can prepare yourself to be poised to enter the market as soon as things improve, thus getting a head start on competitors who looked only at the current state of the market in making their decisions.

You should also learn about any potential cultural issues that might affect the success of your product. Getting to know about a country's culture is more than just figuring out the language they speak and knowing what holidays they celebrate. You also need to know about cultural issues relating to the manufacture, packaging or sale of your product. For example, suppose you have a fantastic food product, with beautiful, brightly colored packaging dotted with red and orange. Although that packaging might help your product sell in the U.S., how well do you think it would sell in certain countries where red and orange are associated with death? If you do your homework ahead of time, you will have already discovered this potential issue and will be able to alter the packaging accordingly.

Habits in a particular culture can also affect your business. You may have a fantastic cupholder and find that the market for cupholders is great in country P, but if everyone in the country uses cups much larger than your holders, your product will languish on the shelves. Habit and market history are often the reason most changes have to be made to a product before export sales.

For example, the company that owned Campbell's soups conducted extensive market research and confirmed that the British were receptive to buying canned soup. The product was priced competitively and introduced in the market, but sales were far less than expected. Further research showed the problem. British soup manufacturers generally did not make condensed soups, and British consumers were not used to a condensed product. Although Campbell's can made just as much soup as other products, the smaller size of the can had confused buyers, who thought that they were getting more for their money with the larger, uncondensed competitor soups.²³ Thus, knowing habits or market history relating to your product can be crucial in the success or failure of your export venture.

You will also need to answer the questions that you identified in your product choice, such as whether the product is subject to government limits in your target country or

²³ Ricks, *supra* note 21, at 19.

whether the U.S. government limits export of that product. Your target country may require special approvals of your product before it can be introduced. Your target country may also have technical requirements, such as voltage or current specifications for electric products, limits on the content of certain items, labeling and safety standards, and packaging laws.

There may also be import duties levied by the target country and hidden costs other than duties, such as port fees, stevedoring fees, compulsory levies, purchase taxes or value-added taxes. All of these costs and issues may affect your costs and your product's ability to be competitive in your target country. Your **freight forwarder**, customs officials in your target country, and/or trade consultants or partners can help you research these hidden costs.

c. Protection of your property

You should be aware that you may be faced with **intellectual property** issues in your target country. Intellectual property is defined as some characteristic of your product or company, often knowledge, design or production technique that you own. Examples of intellectual property rights are things like trademarks, trade secrets, patents, and copyrights. Don't assume that your rights are protected worldwide simply because you have registered them in the United States. You may need to register your rights in your chosen target country in order to ensure that no one benefits from your research or rights without your permission. Find out if your target country is a member of the International Convention for the Protection of Industrial Property, a treaty requiring the member countries to give foreign nationals the same treatment as citizens in patent applications. There may be other treaties which apply to your product and increase the level of protection for your intellectual property rights abroad.

You should also be aware of differences in protections and rules. In the U.S., you usually have to begin using a trademark before you can register it. However, in many other countries, the person who registers a mark owns it, even if they are not using it. You should also check on time limits for intellectual property rights, which may be different than the limits in the U.S. Finally, you may want to steer clear of countries where loose intellectual property laws have allowed piracy of protected images, rights or materials. An example could be a country where audiotapes are freely copied without payment to the copyright holder.

Laws on intellectual property and protection of property rights are often complex and technical. Relevant U. S. government offices can be helpful, but it would be best for you to consult with an expert on international intellectual property law if you have any concerns in these areas.

Finding general information

In researching your product and market choices, business and professional libraries are always a good place to start. There are several publications, including the Bureau of National Affairs International Trade Reporter, that compile information on countries and their markets. The NTDB, discussed above, is a great place to start looking for information. Check out the country commercial guides contained on the NTDB for recent information on your target country. Federal government agencies can often provide you with a wealth of

information about potential markets or products.²⁴ Some services available are listed below. For more information on the agencies and their current programs relating to your export transaction, contact the agencies directly.²⁵

- **U.S. Department of Commerce: International Trade Administration (ITA)**

The International Trade Administration has a number of excellent information resources available for exporters. Country and region-specific information can be accessed through “FAX on demand” systems, most of which can be reached at 1-800-USA-TRADE (1-800-872-8723). Country specialists can also counsel exporters on the barriers they may face when targeting a specific country. Industry specialists are an excellent resource for industry-specific information.²⁶ Trade leads and other international opportunities are available through a bulletin board service (BBS) called the Economic Bulletin Board.²⁷ ITA also organizes and runs a number of trade fairs, trade missions, catalogue shows, and has an excellent homepage on the internet.²⁸ ITA’s district offices are located in Export Assistance Centers, are located throughout the United States and are staffed with trade and finance specialists who can counsel businesses on all aspects of exporting.

- **U.S. Department of Commerce: Commercial Service**

The Commercial Service of the U.S. Department of Commerce staffs the Department’s domestic and overseas offices. Commercial officers overseas generally are located in U.S. embassies. The officers’ role is to provide commercial information and export-related services to U.S. businesses. One of the most useful information resources developed by the Commercial Service is the “Country Commercial Guide,” which is a country-specific, in-depth report on market conditions, export opportunities, and political and economic trends. The report also includes country contact information for important ministries, business associations, and other important contacts, as well as the dates of trade events.

- **U.S. Export Assistance Centers (USEAC)**

USEAC’s contain the International Trade Administration’s field offices. USEAC’s consolidate the export promotion and finance services of the Commercial Service of the U.S. Department of Commerce, the Export-Import Bank’s City/State Market Cooperator program, and the U.S. Small Business Administration. USEAC’s coordinate and

²⁴ Please note that budget cuts and governmental changes may affect the existence of programs supporting exporters. Some of these services may change over time, and other services might be created. When contacting an agency, it is a good idea to ask which programs are still available and which new programs might be useful to you.

²⁵ See **Resources** for agency information.

²⁶ For contact information for your particular industry or for a particular country, contact the Commerce Department information number, listed in **Resources**.

²⁷ Information on the EBB is available through 1-800-STAT-USA.

²⁸ The ITA homepage address is listed in **Resources**.

leverage federal and state resources to help businesses increase exports and compete in the global marketplace. Trade and finance specialists provide one-on-one counseling to help U.S. companies understand and utilize the multitude of export services available to them. The USEAC for Washington State is located in downtown Seattle.

- **U.S. Department of Agriculture (USDA): Foreign Agricultural Services (FAS)**

USDA's export promotion arm, FAS provides a wealth of services for those trying to export agricultural products, often including trade promotion abroad. FAS produces a number of different reports and provides resources which can be helpful in researching foreign agricultural markets. The FAS online service includes an export programs section with information on current promotions.

- **U.S. Department of State (State Department)**

The State Department is usually involved in the political side of trade, rather than the commercial side. However, the State Department is often a good source for information on business risks in particular countries, and maintains information on the relative political stability of many countries.

- **U.S. Small Business Administration (SBA)**

The SBA is an often-overlooked resource which can be very helpful to small businesses interested in exporting. Local SBA offices often have libraries full of useful and free information for those interested in international trade, including the NTDB and other resources. The SBA also operates the SCORE program, which matches volunteers with international trade experience to potential exporters, and the Export Legal Assistance Network (ELAN), a group of international trade attorneys who provide free initial consultations to small businesses on export-related matters. SBA also has several export counseling and training programs that are often available. Check with your local SBA office for information on the current programs and resources available to exporters.

- **Export-Import Bank of the U.S. (Ex-Im Bank)**

Ex-Im Bank provides financial and risk enhancement support for exporters and their customers by providing loans, guarantees of bank loans, and export credit insurance in support of U.S. exports. Ex-Im Bank is represented in Washington state by the Export Finance Assistance Center located in the Seattle USEAC.

- **Overseas Private Investment Corporation (OPIC)**

OPIC is largely focused on providing political risk insurance and project financing for U.S. companies investing in certain developing countries.

- **Minority Business Development Agency (MBDA)**

Minority-owned businesses can take advantage of special export assistance provided through MBDA, including trade leads and other useful information and services. There may also be state and local agencies specifically geared towards helping minority businesses which may have information about exporting.

- **Industry-specific sources**

There are a number of industry-specific sources available. As noted above, ITA has industry officers for many industries. Industry officers conduct trade missions, trade fairs, organize product literature centers and marketing centers, and can provide business counseling. In the past there have been industry officers at ITA for technology and aerospace, basic industries, textiles, apparel and consumer goods, service industries and finance, and environmental technologies.

FAS provides industry information for agricultural products through its Commodity and Marketing Specialists. For exporting fish and fishery products, contact the Inspection Services Division of the National Marine Fisheries Service. The U.S. Department of Energy has an Export Assistance Initiative which has information relating to exports of energy or renewable energy technology. In addition to these sources, many of the federal agencies listed above have some resources for specific industries. Industry-specific information is also often available through industry trade organizations.

- **Local and state resources**

The Washington State Department of Community, Trade and Economic Development (CTED) works to expand export markets for Washington products and services. CTED has trade specialists who help link Washington companies with foreign buyers through trade missions, shows, and other programs. In the past, the Seattle office of CTED has had a trade library which has been open to the public during normal business hours. The library has included an SIC manual, an HTS manual, country-specific publications, the BNA International Trade Reporter, Export “Yellow” Pages from several countries, and the National Trade Data Bank on CD-ROM. At the time of the publication of this guide, the future of the library was unclear, so you will need to check with the Seattle office of CTED to check current availability.

Your local chamber of commerce, local World Trade Center, and the various trade associations and clubs in your area can also be good sources of information, as can public libraries, such as the business libraries at public universities.

Finding cultural information

Business-related information on other cultures has become easier to find than ever. As awareness of these issues has grown in the U.S., a number of books have appeared

addressing these issues. Among the first was the "Do's and Taboos" guide, which covers virtually every country and has been repeatedly updated. The 1994 version is focused especially on issues small businesses may encounter.²⁹

Other helpful books have been published, including a large number specifically dealing with Asian customs and culture and several addressing the issues unique to women in international business. The World Trade Press has a "country business guide" series for several countries, including Argentina, Australia, Canada, China, Hong Kong, Japan, Korea, Mexico, the Philippines, Singapore and Taiwan. These books include a wealth of information on the particular country, including industry information, export policy, business travel information (including hotels with business services), trade fairs, and important addresses including industry and business organizations. Many guides also have an "opportunities" section, which discusses potential areas of growth and trade.³⁰

World Trade Magazine has also published a series of books on the same topic, called the "Put Your Best Foot Forward" series.³¹ Volumes include information on religion, ritual, tradition, superstition, tipping, dress, language, body language and business entertainment. As of the publication of this guide, the only volumes available are for Europe, Asia, Mexico/Canada, and Russia; others may later be published.

Cultural information that you should know about your target country includes the work week, work hours, business practices, business customs, and religious holidays and customs. Aside from books or magazines, people are another resource for information on business culture in other countries. Fellow members of a trade organization who have done business in your target country can provide you with a wealth of hints and horror stories about their experiences.

Finding information for risk management

In order to minimize your risks, you should engage in "due diligence," which involves taking steps to ensure that your potential target country is economically and politically stable. You can find information about current and near-term economic and political conditions in the target country in several sources. The Export-Import Bank of the United States publishes a "Country Limitation Schedule" twice yearly, which indicates whether there are "special conditions" for particular countries. If a country has "no special conditions," it can be assumed that receivables for transactions to that country may be insured from an otherwise-qualified importer and end-user financing can be supported by guarantees. You can also find information in the U.S. Department of Commerce's "Foreign Economic Trends" topical sections in the National Trade Data Base (NTDB), a computer resource which contains publications from numerous agencies involved in international trade.³² Commercial periodicals like *The Economist* and *The Financial Times* provide added perspective into the financial and economic conditions of your target country. Remember to check with the International Trade Administration of the U.S. Department of Commerce to check whether there are product export constraints or tariff barriers which may

²⁹ See **Resources** for publisher information.

³⁰ See **Resources** for publisher information.

³¹ See **Resources** for publisher information.

³² As noted above, the Seattle office of CTED has had the NTDB available for public use in the past; contact that office to check current availability. See **Resources** for contact information.

impose prohibitive costs. Making the time now to perform due diligence will help decrease your risks and will help ensure that your export transaction runs more smoothly.

STEP 3: DECIDE HOW TO EXPORT

There are many different ways to get your product to a foreign market. Each method has benefits and risks, and you should be aware of them so that you can determine the best way for your company to export. In general, you have the choice of exporting directly or joining with a trading partner, who will be involved in your export transaction. Usually, the more you do in a transaction, the greater your share of risk and profit. Part of your decision to export will be deciding which method to use and weighing the risks and benefits in light of your particular situation.

Many smaller firms use a trading partner because it reduces the amount of time and effort they will spend on the export transaction. However, using a trading partner can be tricky, because there are many different types of trading partners and potential risks from hiring someone outside the control to handle part of your business. At the same time, you may not be ready to commit the time and effort needed to handle all of your export transaction yourself. It is strongly recommended that anyone with little or no experience in exporting work with a trading partner until they have learned enough about their market to feel ready to tackle all of the work themselves.

Trading partners: choosing the type

Choosing a trading partner will probably be the most important decision you will make in deciding to export. Different types of trading partners play different roles and involve different risks. For example, a partner who is a representative or agent probably will not take title to the goods, and you will retain the risk of any losses. In contrast, a wholesaler or distributor usually takes title to your goods as a purchaser, then assumes the risk of loss.

A good way to determine what type of trading partner will work best for you is to make a list of all the activities you do not want to handle in your export transaction, then examine the tasks different types of trading partners will perform. NOTE: Because choosing a trading partner has such a big impact on your business, it is strongly recommended that you seek professional assistance in making this decision. Consult an attorney or trade consultant familiar with these issues in order to ensure you make the best decision possible for your business.

Trading partners: the relationship

After you have decided that you want to use a trading partner and know the type of partner you are seeking, you will need to select a specific firm. It is important that you choose carefully. You should be aware that there are many firms in the international trade market that have been less than scrupulous in their business practices. Choose only qualified, experienced and reliable firms.

You may want to start your search for a partner by looking at "importer" guides available for different countries. These guides list companies by country and by type of items imported. ITA publications, such as Business America and Commercial News USA, often contain information which may be helpful to you in your search. Even if you find a

partner through importer guides or ads in international trade publications, it is strongly recommended that you check the reliability of that company through public and private channels, such as banks, the ITA and credit reporting agencies.

ITA operates an Agent/Distributor Service that can help you find reputable firms, for a fee. For an additional cost, you can also request a "background check" of a particular firm. International Country Profiles (ICP's) are also available through ITA. Available for a modest fee, ICP's provide a wealth of information on a company, its business lines and stature in the market, and often include financial data and other sources for verification. ICP's are compiled by American consular staff members and usually take about 30 days (longer for China) unless the company in question has already been recently reviewed. You should bear in mind with ICP's, however, that a portion of the information of the ICP will come directly from the subject itself and that the reliability of the information depends upon the relative competence of the investigating personnel and consulate involved.

International Credit Reports are also available from several private credit reporting agencies. Dun & Bradstreet, a well-known domestic credit reporting agency, operates an established, multi-country service which provides much the same information as is presented in the domestic versions. Other reporting agencies, such as Graydon America and Veritas, can provide reports from around the world. Taking steps to ensure the credit worthiness or financial status of a potential buyer (i.e. performing "due diligence") will help you ensure that the buyer can afford to pay you and will, in fact, do so.

Don't skimp on costs in your quest for a good trading partner. A bad partner can not only be troublesome, expensive and difficult to deal with; that partner may also create such a bad feeling for your company in your target market that it will impact future sales. Remember, your partner will be representing your company in your chosen market. Any taint associated with the partner can easily rub off on you.

Make sure that any firm you are considering doing business with has some experience in your industry and some knowledge of your target market. You should also ensure that your potential partner is big enough to generate enough sales to be profitable for you. Another important factor is your ability to communicate with the firm. Even if you think the firm may be reputable and could do a good job for you, if you experience any problems in communicating with a potential partner, choose someone else. Again, the assistance of an experienced trade attorney or trade consultant is strongly recommended when making important decisions about your export transaction, including choosing a trading partner.

Obviously, the potential benefits and risks of any trading partner relationship will vary, depending upon your contract with them and the specifics of your transaction. Make sure that you understand laws which may affect your relationship with your trading partner, such as laws preventing you from firing your partner even though your partner allows it. It is also a good idea to talk to others experienced in exporting to your target country, to get recommendations of trading partners they have worked with successfully.

TYPES OF TRADING PARTNERS

Representatives and agents

Generally, these are intermediaries representing a number of products in the target country. An agent or representative usually does not store your goods or, if they do, carry them on consignment. Risks of loss stay with you.

SOME POTENTIAL BENEFITS AND RISKS: Because you retain control of the product, you have more input into methods of advertising and promotion. You will also have more control over the acts of the agent or representative. However, because your partner will be an agent of your company, he or she may have the power to legally bind your company to agreements without your knowledge. Be sure to include specific limitations of authority in any contract. You should also be aware that, in many countries, you cannot terminate an agent/distributor agreement even though the terms of your contract allow for it. Any agent or distributor should be contractually prevented from representing competing product lines, and their territory should be specifically described in the contract.

Distributors

Distributors purchase your goods, carry them as inventory, control the resale price, and assume title and risk of loss to the goods.

SOME POTENTIAL BENEFITS AND RISKS: Because distributors essentially own your product, they control how your product is marketed, placed and sold. You will likely have very little input into those decisions. However, you will also have the benefit of not having to worry about risk of loss once the distributor has the items. Your liability to the end user for any injuries associated with your product may be reduced.

Retailers

A growing number of retail businesses are shortcutting the traditional distribution systems and buying directly from suppliers. You may choose to sell directly to retailers that place orders from you in the U.S.

SOME POTENTIAL BENEFITS AND RISKS: Be sure you know about the company ordering your product or service. In some countries, it is common practice to request "samples" which are then sold and the profits pocketed. You should also make sure that payment terms are clear.

Trade Organizations

Trading firms, trading companies, and export management companies are partners that need not be located overseas. Most handle financing, shipping, exporting, importing, storing and distribution of products. They range in size from sole proprietorships to giant corporations employing thousands. These companies will usually work for you on several bases: commission, commission plus retainer, or purchase. They essentially operate as your export department.

SOME POTENTIAL BENEFITS AND RISKS: Well-established firms are often very successful and have an established clientele. Make sure you know which of your competitors are represented by the same organization. If the trade organization is really big and your firm is very small, you may find that your business is given less attention that you would like or need.

SOME GUIDELINES FOR SELECTING A TRADING PARTNER

- What is the partner's level of experience with your product? In your target country?
- What kinds of transactions have they worked on in the past? Are they willing to let you talk to current or former clients?
- What are the current products carried and/or companies presently represented by the partner?
- What are their facilities, services or other capabilities? Are they adequate to handle your needs?
- Which countries have they worked in in the past? What countries are they currently working in?
- How big is their staff? Do they have enough resources to handle your questions/issues quickly and effectively?
- Who are their principal clients? How big are they? Will your business be small or large in comparison?
- What are their references? Bank references are especially useful. What do their references have to say about them? Ask for U.S.-based references so that they can be easily reached and checked.
- What are their language capabilities? Can you understand one another? Do you have a good working relationship?
- How much will they charge? How will they want to be paid? Will they expect commissions?
- Can you afford to hire them? Are you happy with the proposed terms?
- What does your bank have to say about this partner? Have others in your field had experience with them?
- What did the foreign credit report reveal about the partner's financial status/practices/credit worthiness?
- Does anyone in your trade organization know about this firm?

NOTE: It is strongly advised that you check with an attorney experienced in these matters before entering into any contracts with a potential partner.

Trading partners: the agreement

There are as many different types of agreements as there are types of trading partners. Be sure you understand every term in your agreement **BEFORE** you sign anything. An attorney experienced in these matters can give you the best advice on terms you want to include. Be sure that any attorney you talk to is familiar with the customs and laws of the trading partner's country because that may be crucial in your relationship with your partner. Although you are probably used to dealing with contract terms from your domestic business, you may not be aware of terms which can be implied into your contract by law, such as the "can't fire" laws mentioned above. When the time comes to negotiate a contract, you may want to establish a trial period, so that you and your partner can work with each other for awhile and see how the relationship works prior to making a long-term commitment. Of course, you will need to make sure that trial periods are permissible under the laws of the countries that may be applicable to your transaction.

When you finally have your attorney write a contract, make sure that each clause is clear to you. A basic agreement will usually include a description of the scope of your relationship, each party's duties, the length of the relationship, review periods (if any), the territory that will be covered, fees and pricing, description of marketing responsibilities, allocation of training and quality control, how any warranty or claims will be handled and who will handle them, recordkeeping requirements for both parties, an agreement on how the relationship will be terminated and on what grounds, agreement on the intellectual property rights, who will handle the returns or servicing issues, and more. You should be

aware that most, if not all, international trade disputes are not resolved through formal legal channels but are instead resolved by international commercial arbitration.³³ Your attorney can advise you on other important clauses you will need to include in your contract.

Exporting on your own: considerations

If you have rejected the idea of a trading partner and have decided to handle everything on your own, you will be risking a lot of time, effort and money on your export transaction, especially if it is your first export experience. Handling everything yourself can be extremely difficult. Something as relatively simple as advertising in a foreign country is not as easy as it is in the U.S., and you could find yourself subject to criminal sanctions if you make the wrong move.

For example, Goodyear found itself in hot water after running a television ad in Germany that showed their tire breaking a steel chain. In Germany, it is illegal for an ad to claim that another product is inferior. Goodyear had apparently assumed that their ad was acceptable, because it did not claim any other tires were inferior or compare other tires with Goodyear tires. However, the ad was considered illegal anyway, because it was seen as saying that German chain manufacturers had an inferior product.³⁴ As Goodyear learned to their peril, issues that arise in doing your own advertising without a complete understanding of the market, business practices and laws can cause serious problems for you later.

Assuming you are still willing to take the risks of doing it yourself, there are several ways that you can get products to a market without a trading partner. Trade shows in either your target country or at home allow you to display and sell your product to potential foreign buyers. ITA and FAS often have information on shows or sponsor shows themselves. In addition, trade associations, industry groups and Chambers of Commerce often hold trade fairs.³⁵

If you are going to a trade fair in a foreign country, be aware that some countries will require you to pay duties on your samples, even if you are not planning to sell them. You may want to get an **ATA Carnet**, a document good in more than forty countries. The carnet allows you to go into certain countries with goods intended for fairs, samples of value, or professional equipment you need to use in your sales pitch, without paying duty on those items.³⁶ The carnet is usually good for a year, and is issued through the International Chamber of Commerce, which can provide you with an application form and rules.³⁷

Sometimes you can meet potential buyers right here in Washington, when trade missions come to town. CTED and ITA coordinate several trade missions a year, sometimes on short notice. Although efforts are made to contact local businesses when missions come to town, it is best for you to contact trade offices from time to time to learn about any planned missions. Being a member of an industry group can also help you know whether relevant missions might be coming to your area.

You may also find help from some foreign country's trade promotion offices in the U.S. While most of these offices were established to help their own citizens export to the

³³ Information about arbitration can be obtained through the American Arbitration Association or the International Chamber of Commerce (ICC) in Paris. See **Resources** for addresses.

³⁴ Ricks, *supra* note 21, at 127.

³⁵ Contact information for trade fairs is contained in the **Resources** section of this guide.

³⁶ "Cutting the Red Tape," Export Directory International (1988, Cornhill Publications, Ltd.), at 114.

³⁷ See **Resources** for information.

U.S., some of them have been willing to help promote the export of U.S. goods. You can get information about such agencies from the consular officers of foreign countries or from country desk agents at the ITA. You may also want to contact consular officers in Washington to let them know that you are interested in exporting to their country, and see if they are willing to help you find buyers.³⁸

Trade publications can also help you make foreign sales. Look for publications in libraries or ask people in your industry group or trade organization which publications they have found effective in the past. Be wary of fly-by-night publications which spring up fairly frequently. There are also some "publications" online which offer to advertise your product, for a fee, and "catalogs" which also solicit your business for a fee.

Because publications are often more interested in getting your money than in helping you make money, check with your local trade office, the ITA, and other exporters before agreeing to advertise in any publication. You may want to ask publishers about their circulation numbers and for information about who, exactly, reads the publication before you purchase space.

Again, handling exports directly, without a partner, can be a very risky business. At the very least, you should discuss your plans and ask for advice from a professional trade consultant or international attorney.

STEP 4: DETERMINING PRICE

This step may seem fairly easy at first, but is actually relatively complex. Pricing for export is different than pricing for domestic sales. You will need to factor into your price the costs of altering your product or support materials for the foreign market, the logistics of getting your product to the foreign market, insuring your product, financing your sale, transportation and other costs unique to exporting, such as long-distance communication costs and exchange rates. You will also have to determine and include the costs of export licenses, expert assistance, and any duties you may have to pay at the target country's borders. Another consideration is what the current and projected exchange rate is against the U.S. dollar. An unstable foreign currency can significantly impact your price-competitiveness and profit margin. Before you set your price, therefore, you will first have to make some choices that will affect your bottom line.

Altering your product

In Step 2, you looked at how your product is restricted or affected by laws in your target country. As a result, you probably already know all you need to know to determine the cost of altering your product. Did you find any specific packaging requirements for your product? What are the label requirements? Which languages will need to be included on the box or in the user's guide? Does your packaging need to be changed for cultural reasons? What are the requirements for stating ingredients, content, country of origin, and weights and units of measure?

You should also be aware of the potential need to change your brand name or the name of the product in certain circumstances and the costs of such a change. For example, if a foreign company already owns the brand name in your target market, you will run into

³⁸ A list of officers in Washington is contained in the **Resources** section of this guide.

serious problems if you try to sell under that name. You should also research the connotation that the name of your company, product or brand may have in your target country.

Several years ago, General Motors unwittingly provided an often-quoted example of what can go wrong with a product name. The Chevy Nova sold very well in the U.S. GM executives were surprised, therefore, when the car did not sell in Mexico, which had seemed like the perfect market for the car.³⁹ The problem was not the car itself; it was the name. In Spanish, “no va” means “does not go.” Obviously, the Mexican consumers were unwilling to buy a car that “does not go.” Another example of a problematic product name occurred when an airline, EMU, tried to break into the lucrative Australian air market. EMU’s troubles began with its name. An emu is an Australian bird which is incapable of flying, and Australian consumers did not flock to ride on the airline.⁴⁰ Needless to say, research into the potential cultural impact of a trade name in your target country can save you time, money and embarrassment.

Once you have determined whether product or name changes are necessary, you can set about determining the cost of each change and adding that to the price of your exported product. You might also want to investigate possible changes which are not mandatory but which may improve your product's potential share of the market. An example is an industry standard or rating that is highly regarded in your target market. Such standards affect consumers in the U. S., who are often swayed in their buying choices by things like a "seal of approval" from a well-known organization. Industry standards and information can often be found through industry groups.

Getting your product to the market

Put simply, this expense is the cost of moving your items to your buyer's location. Getting your product to your target market can be one of the most expensive parts of the export process. You will probably want to investigate several different methods of shipping in order to determine which is the best for you. Watch for "hidden" costs, such as stevedoring fees, repacking fees, holding fees, and others. You will need to be aware that price quotes may not be as simple as they seem. For example, although you may think you understand a price per ton, there are actually several weights considered a "ton" in shipping lingo. Make sure you know the true weight of the "ton" you are discussing.

a. Methods of transport

Some methods of transport are more costly than others, and some are faster. You will need to weigh all of the different factors in making your decision on how to get your products to the target market. If you already have a buyer, you might ask which method of shipment they prefer for products similar to yours, or rely on your trading partner to help you. As always, people in your trade or industry organization can often provide helpful hints on which carriers are reliable. Such people can also alert you to potential pitfalls.

³⁹ Hayden, Rose L., preface, in Spencer, Samia I., ed., Foreign Languages and International Trade: A Global Perspective (1987, U. of Georgia Press).

⁴⁰ Ricks, *supra* note 21, at 42.

There are several ways of handling the transport of your product. You can try dealing directly with the transport companies yourself. You could also hire a freight forwarder, which is a third-party company that can help you find the right method of transport and handle the details for you for a fee. Usually, freight forwarders also handle all of the documentation required for exporting, which can be very helpful.

The way you transport your product may depend on the kind of product you are exporting and where it is going. For example, rail transport can be very cost-efficient and economical for some shipments to Mexico or Canada, but obviously wouldn't work to Japan. Similarly, air freight may be a good way to ship perishables and time-sensitive materials, but may be too expensive for other items. Parcel post is another method of transport, usually involving transport by air or ocean through the U.S. Post Office or through a private firm, such as United Parcel Service, Airborne Express or DHL. Ocean transport by cargo ship is probably the most common method of transportation used in international trade. A freight forwarder or shipping consultant can explain the various benefits and risks of each type of transport.

Freight forwarders can also provide you with advice on how to ship your items. For example, if you choose certain modes of transportation, your shipment can be classified as either "direct" or "consolidated." A direct shipment is one that is considered urgent and given priority. A consolidated shipment is one that can wait until the next shipment is made to that destination. Your items will be shipped with items that others have also consigned for shipping. Your rates for a consolidated shipment are likely to be far cheaper than the direct shipment.

b. Selecting a freight forwarder

A good freight forwarder can be an invaluable part of your export transaction. Forwarders usually handle all the required documents for shipping, as well as advising you on the best packaging and methods of transportation. Choose a freight forwarder that has a strong history and a good reputation in their community, with the services you want. Check to see how much traffic the forwarder handles, because a forwarder with a lot of business may be able to use their position to get better rates for you on carriers. It is also a good idea to get references and check them. You may want to talk to others in your industry to get recommendations for freight forwarders.

c. Packaging

Finding the right method for transporting your product is only part of getting your product to the target market. The best shipping choice in the world is meaningless unless you pack your products so that they arrive in good condition. Try to find packaging that is indestructible and resistant to climate, moisture and other potential damage. You should also be aware that stealing, called "pilferage," is a problem in some ports, and should try to use packaging that is tamper-resistant, such as strapping or shrink wrapping. Try to avoid listing the contents on the outside of the container, if that is possible without violating your target country's customs requirements. Professional packaging firms and freight forwarders are good sources of advice in selecting packaging.

Packages usually have to be marked with the shipper's mark, country of origin, weight, container number and size, specific handling symbols and port of entry identification. You should remember to use waterproof ink to stencil the marks, usually on at least four sides of the container. It is a good idea to repeat the marks in the language of the target country or destination country. You should also keep in mind that most transportation costs are determined by weight and size, and should try to use lightweight packaging if you can, unless more substantial packaging is required to ensure adequate protection of the product.

d. Insuring your product

In general, as the exporter, you will be required to insure your product until what is called "risk of loss" has been transferred to the buyer. Put simply, this means that you are responsible for your product and will bear any losses until the point at which the buyer takes control of the items according to your contract. The clause in your contract which will explain when the transfer occurs will usually be expressed in what is called an **Incoterm**.⁴¹ Incoterms are the terms of sale commonly used in international business transactions, and you should become very familiar with the terms before using any of them, because they have very specific meanings and can affect your legal rights.

Once you have figured out when the risk of loss passes to the buyer, you can then determine what kind of insurance you need. Cargo insurance is a big business with many different players involved. Policy terms change frequently and you will need to be aware of what is covered by your policy. Most policies will not cover all potential losses, such as losses due to civil disturbances and acts of terrorism or war. You may want to make sure you are covered if the vessel is stranded, sinks, burns, explodes, collides with something, is partially flooded, leaks, gets so hot that there is heat damage to your product, or is delayed. Your insurance agent can explain the types of coverage available and their costs. After you determine the cost of insuring your product, you can then include that cost in your price calculations.

e. Financing your transaction

Another exporting cost you will likely need to include in your price is the cost of financing the transaction. Funding needs can range from pre-export (working capital costs incurred in producing the goods for export) to post-export (carrying the foreign account receivable until it is collected). As in any domestic transaction, the optimum method of financing is to use trade credit, and, if possible, to be paid by

**COMMONLY USED
INCOTERMS AND THEIR
MEANINGS**

C & F (port name)-cost and freight. All costs except insurance are paid by the exporter from the warehouse to the port in the importer's country.

C.I.F. (port name)-cost, insurance and freight. All costs paid by the exporter from the warehouse to the port in the importer's country.

F.A.S. (port name)-free along side. Means the costs are paid by the exporter until they reach the port, usually the port at which they are being loaded for shipment abroad.

F.O.B. (vessel) (port name)-free on board. Means importer pays the costs as soon as the product is loaded onto the ship at the port. Probably the most commonly used Incoterm.

NOTE: this is a different definition of F.O.B. than that which is commonly used in the U.S.

Taken from Debattista, Charles, ed., Incoterms in Practice (1995, International Chamber of Commerce).

⁴¹ Questions about the legal effect of using particular Incoterms should be addressed to an experienced international trade attorney.

your buyer before you have to pay your suppliers. If there is still a need for outside support, the logical choice is your local bank. In addition to domestic services, most commercial banks have an international department or access to other banks' international departments, which provide a full range of international financing services addressing the needs of both exporters and foreign buyers.

There are also specialized programs offered by various governmental entities. Many of these programs require commercial bank participation, so you should check with your local bank first about their willingness/ability to participate. The U.S. government, foreign governments, and many international banks provide billions of dollars annually to support international trade and investment activities.⁴² Whichever programs you try or banks you work with, make sure to know what the financing will cost you in fees, interest, time or other expenses, and factor that cost into your product's export price. Following is a list of just some of the programs available through agencies which support international trade and investment activities by U.S. business:

Export-Import Bank of the U.S. (Ex-Im Bank)-Ex-Im Bank supports the export of U.S. goods and services by offering loan, loan guarantee and export credit insurance programs. Loans and loan guarantees are available to finance the foreign buyer's purchase of U.S. products and services, and to support the exporter's costs of producing the product being exported. There are also several export credit insurance programs offered, which cover both commercial and political risks of non-payment. The Export Finance Assistance Center of Washington (EFACW) has information about Ex-Im Bank and can provide guidance on using Ex-Im programs.⁴³

Export Finance Assistance Center of Washington (EFACW)-EFACW is funded by the State of Washington to provide payment risk guidance and assistance in identifying and engaging specialized financing for export transactions. The center serves as "city/state" market cooperator for Ex-Im Bank and maintains detailed, current information on Ex-Im Bank Programs. In addition, the center has developed a network of other government and private risk and finance intermediaries which offer a wide range of programs. Normally, services of the center are provided to Washington state businesses without charge.

Foreign Agricultural Service(FAS), Department of Agriculture-The FAS provides financial support for agricultural exports through two programs. The first, the Food for Peace Program, authorizes financing of sales to certain "friendly" countries for specific products. The Commodity Credit Corporation provides short-term commercial export financing with a variety of options. Check with the agency to see which available programs may be relevant to your transaction.

Overseas Private Investment Corporation (OPIC)-OPIC is a U.S. government agency which provides political risk insurance and project financing programs for U.S. companies operating in certain developing countries.

⁴² Because many of these programs are government-funded, the options available may change over time. Call the agencies to get more specific information. See **Resources** for addresses of the relevant government agencies.

⁴³ See **Resources** for EFACW contact information.

Small Business Administration (SBA)-The SBA offers several loan guarantee programs which are available to established exporters and importers. The Export Working Capital Program (EWCP) supports short-term bank loans for financing the costs of producing goods and services for export. The EWCP can also be used to finance export accounts receivable. Other SBA programs offer long-term fixed asset financing or general-purpose working capital. You can reach the SBA's Export Trade Finance Officer in the U.S. Export Assistance Center in Seattle.

Other sources-The Minority Business Development Agency, a separate agency within DOC, promotes expansion of minority-owned business. It can assist with finding and filling out the forms required for export financing or business development programs.

Some foreign governments also offer trade financing programs that may be helpful. Contact the foreign embassy or commercial trade office relevant to your market. There are also a number of multinational agencies which finance long-term development projects, such as the African Development Bank, Asia Development Bank, Inter-American Development Bank, the World Bank, the European Bank of Regional Development and the International Finance Corporation. The Department of Commerce Office of Multilateral Development Bank Operations in Washington, D.C., has liaison officers to all of the major development banks.⁴⁴ The U. S. Agency for International Development (AID) administers most of the foreign economic assistance programs of the U.S. Many agencies often provide information on open bids for contracts the agency is involved with or is funding. Contact the agencies directly to get information, or search on the NTDB, which sometimes has specific agency information.

f. Other considerations

You should also be aware of another potential issue in pricing your product. Most international trade agreements prohibit the practice of "dumping" a product on an export market. "Dumping" is pricing a product at less than its fair value, and it is considered an unfair trade practice.⁴⁵ You should make sure that you select a fair price for your product, and should consult with an international trade attorney about other potential legal issues which may arise from pricing practices.

If you are dealing with a trading partner, you have already determined that your trading partner is reliable and sound using foreign credit reports and other tools mentioned above. If you have decided to export without a trading partner, you should be especially aware of the political and economic risks identified in Steps 1 and 2 and how they may affect the pricing of your product. You should be especially careful about researching the possible risks in your target country and with your potential customers, because you will shoulder the entire burden of those risks yourself. Even if you are working with a trading

⁴⁴ See **Resources** for the Office of Multilateral Development Bank Operations contact information. That office is usually the best place to begin gathering information on potential programs available through the different development banks.

⁴⁵ More information on dumping is contained in the "Before You Begin" section of this guide.

partner, make sure you understand the potential risks and factor the costs of due diligence (such as credit reports, insurance, etc.) into the price of your product.

STEP 5: MAKING THE SALE

Now that you know what price you will need to get for your exported product in order to make money, and have identified sound potential customers (including checking their credit and making sure the potential buyers can afford to pay you), you are ready to start trying to make a sale. In addition to the business culture issues you have researched in Step 2, you should consider some other issues in your efforts to make a good deal. First, although you may enjoy speaking a foreign language and may feel comfortable talking to buyers in their own language, it can backfire on you. If you only have academic knowledge of a language, you may not understand the nuances of contract or business terms which may be crucial to the sale. You will need to understand everything about the terms of the sale, and unless your language skills are exceptional that may be difficult to achieve in a foreign language.

Using translators during negotiations is an option, of course, but it can be slow, cumbersome and expensive. Some authors suggest that you politely inform buyers that you are concerned about misunderstandings or mistranslations and prefer to do business in English.⁴⁶ This is not to say that you will not need to translate your promotional brochures and marketing materials into the language of your target country, but you may choose to conduct the actual negotiations in spoken and written English to ensure that you understand what is expected of you.

Make sure that any correspondence you send to a potential buyer looks professional. One sure sign of a novice exporter is the failure to include the address in full, with U.S.A. after the zip code. It may seem like a trivial matter but will definitely get noticed by your customers, who are often sensitive to any evidence of arrogance from U.S. companies.

You should also be aware of some of the hazards that may arise in selling to foreign markets. You may find yourself receiving letters from "buyers" anxious to receive samples as soon as possible so that they can start selling huge quantities of your product, which they will describe in glowing terms designed to catch your interest. The U.S. Department of Commerce and others have discovered that many of these letters come from less-than-legitimate operators who then sell your samples with no intention of passing any money on to you. There is also a risk that any such "buyers" may use your samples as evidence that they are your "agent," entering into business deals purportedly on your behalf and exploiting your legitimate company name to get commissions or other benefits. Be aware of such potential tactics and minimize your risk by investigating any company that asks for samples just as you would investigate a potential agent. You should also try to stay current on business news and watch for any stories about business scams, to help ensure that you are aware of the current tactics of scam artists. Performing due diligence on not only your potential trading partner but any company that requests your product will help you minimize the likelihood that you will be taken advantage of in your export transaction.

When you make an offer to sell your product in a foreign market, the form of the offer may be dictated by the way you want to get paid. If you are planning on using an **irrevocable letter of credit**, as is suggested below, you will need to use a **pro forma**

⁴⁶ See, e.g., Gordon and Arnold, *supra* note 13, at 120.

invoice for your offer to sell. The pro forma invoice basically describes your product, states a price for a specific delivery point, and specifies the time of shipment and the terms of payment. The pro forma invoice should also include a statement certifying that the information presented is correct. It is also advisable that you check with the ITA, your freight forwarder, or some other reliable source to advise you on special requirements which may apply for your target country, such as metric weights and measures, language stipulations, or additional documents, such as certificates of origin, consular invoices or inspection certificates.

It is also recommended that you provide your customer with a pro forma letter of credit outlining the desired payment terms and documents. Make sure that the terms of the pro forma L/C are correctly listed and spelled and that they are terms you can meet. Also, you should make sure that the expiration date allows you enough time to ship the product and get all of the required documentation together. Check with your banker and/or your attorney about the proposed terms so that you know what the terms mean and what will be expected of you. You should also make sure that you use the same descriptions on both your pro forma invoice and pro forma L/C.

ITEMS COMMONLY INCLUDED IN A PRO FORMA INVOICE:

- Reference number and date
- Type of quotation (i.e., FOB Seattle, CIF Tokyo). It is often advisable to quote in US dollars
- Name and description of each item, including model or stock numbers if they are pertinent
- Unit price of each item. If your offer is for a specific quantity, include unit price, quantity and total cost
- Packing instructions for each item including the number of units or “pieces” per carton and the weight per carton. This may be according to the specifications of your trading partner. Most carriers and countries now use the metric system; check to see if it is a requirement
- Time between the receipt of a firm order and shipment
- Method and conditions of payment. Make sure you understand what all the options are and know what terms you are willing to accept. If you are asking for a L/C, it is helpful to provide a “pro forma” copy with the terms and conditions you want. Be ready to negotiate with the buyer before the actual L/C is issued
- Minimum quantity per order. This often depends on the minimum amounts inland freight schedules allow. The costs of your product may fluctuate with the volume of an order
- Duration of your quotation. This should be long enough to allow for the transaction to take place, but short enough that rising costs and changing conditions do not catch up with you
- Signature of a responsible member of your firm
- Any other information your trading partner requests

THIS INFORMATION IS GENERAL. ALWAYS CHECK WITH A TRADE SPECIALIST FOR THE SPECIFIC TERMS THAT YOU WILL NEED TO INCLUDE IN YOUR PRO FORMA INVOICES.

Because the invoice is an integral part of the letter of credit transaction, you will need to make sure that the language of the invoice and all of its terms are correct. Otherwise, you may have trouble with the next step, getting paid.

After your customer has received the pro forma invoice, they will usually now send you a purchase order which reflects the conditions you set out in your pro forma invoice. You should confirm receipt of the purchase order as soon as possible preferably by FAX or telex. The purchase order may include instructions for marking shipping cartons, which

must be followed if they exist. Once you have confirmed receipt of the purchase order, the deal has usually been made and you will move on to the next step.

STEP 6: ARRANGE TO GET PAID

It is important to become familiar with the various methods of structuring payments in international trade transactions, because they affect the costs and risks associated with each transaction. The method of payment should be part of the sales negotiation process. Consult your international banker for details about which international services they offer, as well as the costs, procedures, time frames, and recommendations for specific transactions. Below is a brief description of five methods of payment, listed in order of the most desirable for the exporter in terms of risk. As always, because industry standards change, check with your banker and your attorney for current methods of payment and associated risks, or for specifics on the payment methods listed below.

METHODS OF PAYMENT

CASH IN ADVANCE
LETTERS OF CREDIT
DOCUMENTARY COLLECTIONS
OPEN ACCOUNT
CONSIGNMENT AND
COUNTERTRADE

Cash in advance-Cash in advance provides payment before the goods are shipped, and is obviously the most secure for the exporter and the most risky for the buyer. In larger ticket sales, the buyer must be willing to provide a downpayment, or a series of progress payments, in exchange for the exporter pledging a performance bond or Standby Letter of Credit.

Letters of Credit (L/C's)-L/C's are a very common method of payment in export transactions because it provides bank assurance to both buyer and seller that payment will be made in full when the L/C terms have been fulfilled. A L/C is a document issued by a bank at the buyer's request in favor of the seller. All L/C's should be "irrevocable" and, unless the bank issuing the L/C is of unquestioned strength in a first world country, the L/C should also be confirmed by a U.S. bank. It is most convenient for you to use your local bank, and to have the L/C payable at its counters. L/C's can be structured so they are payable at the time of shipment (upon presentation of the stipulated documents, or at "sight"), or at a certain date after shipment (via a "usance draft"). Your bank will likely ensure that there is no "mirroring," a practice where an overseas person sets up a "bank" with a name virtually identical to the name of a well-known, well-respected bank in an effort to get you to think your deal is financially secure.

Although irrevocable, confirmed L/C's are an excellent way to get paid for your export sales, there are still risks. One major risk arises from the fact that all of the terms and conditions stipulated in the L/C have to be met exactly and precisely as stated in that document in order for payment to be made. Although L/C's can be amended, the buyer has to be willing to agree to the amendments (which they may be unwilling to do) and there are additional fees assessed by the banks involved for any changes. It is therefore a good idea to provide your buyer with a "pro forma" L/C which clearly states terms and documentation requirements desired and fulfillable by you. Thus, when the original L/C document is issued, it should not contain any surprises. Check with your bank before agreeing to any L/C terms you may have any uncertainties about. You should also make sure that your invoice has the same, exact descriptions as those which are on the L/C-even if it means copying misspellings-or you may have trouble getting paid.

SOME THINGS TO LOOK FOR TO MINIMIZE PROBLEMS IN L/C TRANSACTIONS:

- Make sure all of the terms (such as the latest shipping date and the date of expiration) can be met
- Make sure the invoice or other documents are not missing signatures
- Documents should include order, license or other numbers required by the lender of credit
- Documents should show consistent marks, numbers and weights (i.e. on both the invoice and the L/C)
- Make sure the invoice or other documents are not missing weights, marks or the type of packing
- Documents should describe merchandise in exactly the same way as the letter of credit
- Documents should cite consistent prices and extensions
- Documents should include the price basis, such as FOB, FAS or CIF
- The invoice or other documents should be certified, notarized as required or have necessary visas
- The shipping documents should be marked "prepaid" or "collect" as required

REMEMBER: THIS IS A GENERAL LIST ONLY. THINGS CHANGE OVER TIME. MAKE SURE TO CHECK WITH RELEVANT PROFESSIONALS FOR CURRENT ISSUES THAT MIGHT ARISE

Documentary Collections-With this payment method, bank channels are used to collect payment from the buyer, but the bank does not guarantee payment. Although you are assured with documentary collections that the buyer will not receive title to the goods unless payment has been made (except when the parties have agreed in advance to have payment made on a later, agreed date), you still run the risk that the buyer may just walk away from the transaction. If that happens, you will still have title to the goods, but they will often be located in a foreign port, and you will have to shoulder the costs of retrieval, storage, or liquidation of potential loss. Thus, documentary collections, although less expensive in terms of bank fees, opens you up to higher potential risk than an irrevocable L/C.

Open account-With open account terms of payment, the buyer does not pay you until after the goods have been shipped. You are totally reliant upon the buyer's ability and willingness to pay as agreed, which can be very risky. It is a good idea to avoid using open account terms of payment unless the credit standing of the buyer (and the buyer's country) is absolutely unquestioned and verified by a thorough credit investigation and/or prior experience with the buyer. Remember that even well-established

companies sometimes flounder, so make sure you get as up-to-date-information as possible. You should also be aware that this method of payment will tie up your working capital and you will need to plan accordingly.

Despite the relatively high risk of open account payment terms, such terms are increasingly being used, because importers are increasingly able to demand open account and even extended repayment terms in the competitive international marketplace. You can reduce the risk of such payment terms by using export credit insurance which covers political and commercial non-payment risks associated with foreign open accounts. Such insurance is offered by several private insurance companies, as well as the Ex-Im Bank of the U.S. You may also be able to assign the insurance policies to your bank, as collateral support for loans made in support of your foreign accounts receivable.

As an alternative to open account, you may want to consider taking payment for low-value sales by credit card. Thus, you get immediate funding and your buyer gets credit terms, through the credit card company. Of course, you will probably want to ensure that

the buyer has sufficient credit for the purchase and that the credit card company is legitimate before transferring the goods.

Consignment and Countertrade-Consignment occurs when goods are sent to the buyer, often a distributor, who then sells the item on your behalf and forwards your share of the money to you. Consignment is extremely risky, because you usually retain the risk of loss and get paid only if the items sell; if not, the items are sent back to you, sometimes in less than new condition, and almost always at your own expense. Because of the high risks of consignment, this method of receiving payment is not recommended.

Countertrade involves taking non-monetary payment for your exports. Countertrade is like a “swap” between you and the buyer, where you take something in exchange for your exports and then assume the responsibility of selling the exchanged item in order to get paid. Buyers sometimes suggest this method of payment when foreign exchange is not readily available in the buyer’s country. Countertrade can be extremely complicated and difficult, especially because you may end up with an item in trade which is defective, not high-quality, or unsaleable for other reasons. Like consignment, countertrade is extremely risky for the seller and it is not a recommended way of receiving payment. If you choose to pursue either consignment or countertrade as methods of payment, make sure to discuss the risks with your banker, attorney, and other qualified professionals, before negotiating any deals.

STEP 7: GET THE REQUIRED LICENSES AND PREPARE THE REQUIRED EXPORT DOCUMENTATION

Export licenses

Many potential exporters are surprised to find out that they have to get an **export license**. Unfortunately, licenses exist and are absolutely required before you can do any exporting at all. It is important to take these requirements seriously, because the penalties for violations are both civil and criminal and can include revocation of your privilege to export ANYTHING in the future. Be sure you know the regulations and licensing requirements for your particular product.

There are two types of export licenses: **general licenses** and **validated licenses**. A general license is a broad grant of authority to all exporters for current categories of particular products. Validated licenses are specific grants of authority from the government to a particular exporter. You do not apply for general licenses; they just exist. As a result, although there has to be an export license for your particular product, you may not have to do anything for that license to exist.

If you are not yet confused, you may be after reading the many charts which you will have to consult to determine whether you need to apply for a Validated license. First, you need to check the "Country Group" schedule of the Export Administration Regulations to see which "Country Group" your target country is in. Then, you have to check the "Commodity Control List" of the regulations to see if the commodity is one that requires a Validated License when shipped to the particular Country Group of your target Country.

Then, you have to determine if any "special restrictions" apply due to country-specific foreign policy goals.⁴⁷

In practice, if your commodity does not require a validated license, all you will have to do is to insert the proper code into the **Shipper's Export Declaration** (SED). SED's are the customs declaration forms that the U.S. Customs Service requires for shipments to clear inspections. They act as a control and provide statistical data to the government about trade transactions. The SED form requires information from your invoice and contains a statement prohibiting diversion to another destination. This statement or a variation may be repeated on both the invoice and the bill of lading. SED's must also contain a "Schedule B" number, which is found in the Export Administration Regulations (EAR) book. The EAR is available in many public libraries, as well as through the USEAC or in CTED's library.⁴⁸ The U.S. Customs service can help in answering any questions about SED's.

Because of the complexity of determining export licensing requirements, it is strongly suggested that you seek assistance from the Bureau of Export Administration, the Exporter Assistance Division of the Department of Commerce, or one of the many other federal and state agencies designed to help exporters. Lawyers and consultants experienced in getting export licenses can help you immensely in this process. Make sure you allow enough time for getting this information when you are setting dates in your letter of credit and pro forma invoice. You will usually need the next three documents to receive payment: the commercial invoice, the bill of lading and the insurance certificate.

Other documents

Commercial invoices must conform exactly to letters of credit, including misspellings and foreign languages. Many exporters use a combination invoice and packing list, sometimes with bilingual or multilingual entries. It is vital that product descriptions, prices, weights and other information follow requirements specified by your target country. For example, many countries require metric weights and descriptions in their own languages. An invoice should also usually include the name of the customer, reference numbers, date and number of the order, shipping date, mode of shipment, name of the vessel or airline, export markings, and terms of delivery and payment. Many countries require certain other statements on the invoice, such as the origin of the goods. Remember also that you may need to include particular language to comply with the antidiversion laws.⁴⁹

Bills of lading (B/L) are documents provided by the shipping companies or their agents, or freight forwarders. The shipping company will stamp the completed B/L with "loaded on board". This means that the cargo was received in satisfactory condition and has been loaded onto the vessel. Airway bills are the equivalent of B/Ls for air cargo. The air carrier or air freight forwarder will make up the airway bill from information on the shipper's letter of instruction.

You should be aware that many buyers may try to get you to have a "straight" bill of lading made out. Such a bill is made out in their name. The problem with agreeing to a "straight" bill of lading is that the buyers will then own the shipment, because it is in their name, even if they never end up paying you. Make sure that bills of lading are always in

⁴⁷ A Basic Guide to Exporting, *supra* note 5, at 51.

⁴⁸ See **Resources** for addresses.

⁴⁹ See The Basics, *infra*.

your name, and agree to endorse them over to the buyer later. Check with your bank or attorney to get current information on other potential pitfalls which may apply to your transaction.

Insurance certificates are available from freight forwarders or directly from your insurance companies. You don't always need a certificate in every situation. For example, if your trading partner is paying with an irrevocable, confirmed L/C and is planning to arrange insurance from his or her side, an insurance certificate may not be necessary. There may be other situations in which it is required.

Finally, there is a group of documents which may or may not be necessary, depending on the destination of your exports. For information on the requirements of various countries, contact your freight forwarder or ITA.

- **Consular invoices** are official documents that many Arab and Latin American countries require. Consulates generally sell the forms, you fill them out in the language stipulated, and then, for another fee, the consul stamps them to make them legal documents. You should include these fees in calculating your selling price. Many countries that require consular invoices do not have offices in Washington State; therefore you must also carefully consider and include mailing and processing time for consular invoices when figuring a realistic expiration date for the letter of credit.
- **Certificates of origin** are usually used exactly the same way as certifications which appear on the invoice and are often identical in content. Nevertheless, some countries require a separate statement. It is usually sufficient to have either the freight forwarder or your local Chamber of Commerce sign and stamp this form, but make sure you know your target country's actual requirements in case more is needed.
- **Certificates of inspection** may sometimes be required by your trading partner. These certificates generally take the form of either an affidavit written by you or the shipping company, or a certificate from either an official government agency or an independent inspection company. For agricultural products, countries may require a phytosanitary certificate or inspection by agencies such as the U.S. Department of Agriculture to certify the grade of the product or that it meets certain standards. In some cases, inspectors can examine the product at the dockside and issue a certificate on the spot. However, in other cases, samples must go to the laboratory for testing, and laboratory results may not be known until after the goods depart. Negative findings at that late date would probably force the shipment's return or diversion to a country or customer with less stringent requirements, a disastrously expensive situation. For this reason, be absolutely certain that your goods will pass any inspections required and be aware of the amount of time such inspections may take.
- **Dock receipts** are control documents necessary in cases when you are not directly responsible for transporting your goods to their foreign destination. These are usually issued each time your cargo moves from one carrier to another (from truck or rail to ocean vessel, for example).
- **Other forms** may be required, such as forms required for various government loan programs. If you are participating in a guarantee program or a government

trade promotion, you may need to use other forms in your export transaction. Check with your lender or the appropriate government agency for details.

Sending the shipment on its way

After the freight forwarder or your office has prepared all the necessary documents, you are ready for actual shipment. In the typical transaction, the freight forwarder will follow the shipping instructions and will arrange delivery of the cargo to the most reasonable carrier and ensure that the bill of lading is correct. A representative will likely then bring you one copy of the invoice and the packing list that you have given the firm, plus an original set of B/L's -- three copies stamped "negotiable" and several others which are "non-negotiable." The freight forwarder will probably also provide a copy of the weight and measure list upon request. The final slip of paper you get from the freight forwarder will likely be its bill.

After the shipment is on its way, you will want to immediately notify your trading partner by email, FAX or telex of the vessel's name, the B/L number, date of departure, and the estimated date of arrival. After making sure the documents are correct in every respect and signed, send your trading partner one complete set of non-negotiable documents.

The usual next step is the most pleasant, particularly if you have done your paperwork carefully. You will collect the documents required by the terms of the L/C and take them to the bank to collect your money, or direct your freight forwarder to do this on your behalf. According to the terms of most L/Cs, your bank will then forward the documents to your trading partner's bank. In some cases, however, you may be called upon to send one set of the documents by registered mail. This would normally be one original bill of lading, one original commercial invoice, and one original packing list. It is important to note that usually original copies can be photocopies or carbon copies, but they each must bear an original signature and an "ORIGINAL" stamp. Obviously, the specifics of your transaction will vary, depending upon the type of trading partner you have, the services your freight forwarder provides, how you have structured payment, and other variables. Make sure to talk to your attorney and your banker so that you know exactly what to expect from your transaction, and what is expected of you.

STEP 8: EVALUATE YOUR EXPERIENCE

You should now have all the basic information you need to begin your export transaction. However, even after you have finished your part in the transaction, there is still one more step that will help make all your future transactions more successful. Take the time to evaluate your exporting experience. What worked? What did not work? How would you change the experience if you could? What were your best sources for information about this transaction? What parts of the transaction were difficult or could be made easier? Simplistic as it sounds, taking time now to do an evaluation and jot down notes on helpful sources will help you make your next export experience even more successful than the first.

SECTION TWO: IMPORTING

Importing, like exporting, does not have to be mystifying. Your business can join the many U.S. and Washington State companies that are involved in importing on a day-to-day basis. You should be aware, however, that importing is often more difficult than exporting, and that there are far fewer U.S. and local government resources available to help you with importing than there are for exporting. You might also find it harder to find good written resources on importing. As a result, you may at first feel like importing is beyond your reach. If you truly want to import, however, do not let yourself be put off from trying it just because you are worried about being able to find information or assistance. Information on importing is available if you are willing to make the commitment to search for it. With persistence and hard work, you should eventually be able to find yourself and your company involved in a successful importing venture.

STEP 1: MAKE THE DECISION TO IMPORT

Just as with exporting, there is more involved in making the decision to import than desire. You will need to be willing to commit resources to your importing program, including time, people and money. You will also need to be aware of the potential risks of importing and how those risks might affect other parts of your business. Ultimately, your decision to import should be based on a careful weighing of the benefits and risks of importing, along with an honest evaluation of your particular situation.

Resources required

If you have experience in selling any product domestically, you have some idea of the resources you had to commit in order to make those sales. You should be aware that importing generally requires far more resources than exporting, and that import businesses are considered more expensive to maintain because the costs of inventory and receivables financing is significantly higher.⁵⁰ Importers often have to pre-pay for inventory purchases and have to finance their own receivables. Before you decide to import, you should evaluate whether your company is in the position to expend the needed resources to make importing successful.

⇒**TIME**-Before deciding to import, you need to be willing to devote a significant amount of time to research. You will need to research whether there is a market for your product, which product to import, the costs of those imports, the duties and other taxes on the imports, any restrictions on imports, and many other issues. You may need to take time to cultivate your contacts abroad in order to ensure that you work only with foreign sellers who will produce a quality product and deal with you fairly.

⇒**PEOPLE**-Importing requires people, especially if you plan to sell directly in the U. S. market and need a sales staff. You may need additional people or may need to reassign staff within your company if you will be maintaining an inventory of items. You may also need someone just to keep track of the import regulations and requirements that might affect your product.

⁵⁰ Jonnard, Claude M., Barron's Business Keys: Keys to Starting an Export Business (1996, Barron's Educational Services, Inc.), at 6.

⇒**MONEY**-Just as in exporting, you will need to spend money on things like market research, travel, packaging, and licenses prior to sales. You should also be aware that taxes and duties on imported items are usually levied at the time of entry of the products, not at their sale. Thus, you are likely to be required to pay costs up front before ever seeing any benefits from the sale. It is important that you make sure your company can absorb these costs without jeopardizing its other business activities.

Benefits and risks

You are probably already aware that any business venture involves certain risks. Importing, like other international transactions, involves not only the normal risks of a domestic sale but also the risks that arise from doing business in a foreign country. You may be subject to the whims of a foreign supplier, and may find yourself losing market share in the U.S. because of unreliable delivery schedules. At the same time, importing allows you to introduce U.S. consumers to new products and cultures, sometimes with great financial rewards.

Many risks of importing can be minimized by careful work and effort on your part. If you take the time to understand the limits on importing your product and other potential risks, you can often avoid them. At the least, being aware of the potential risks will help you make a better decision. Obviously, the risks and benefits for your company will vary greatly from those another company may face, depending upon your product, company, and other variables. The best way to determine your particular risks and advantages is to first consider general risks and benefits and then consider how they affect your company. Talking to others who import can also be very helpful. You can often find useful network opportunities through trade or industry associations. Such groups may also help you identify any risks associated with your particular industry or product. Following is a list of just some of the potential benefits and risks of importing:

POTENTIAL BENEFITS	POTENTIAL RISKS
<ul style="list-style-type: none">-allows you to diversify your products-potential increases to sales and profits-keeps you in touch with developments in your industry by companies outside the U.S.-sell in a relatively stable economy (U.S.)-exploit familiarity of your home market-enjoy benefits of less expensive product-potentially lower fixed costs for materials costs and other costs for production, such as resources, labor, etc.-gives you a chance to positively impact economies abroad through your purchases	<ul style="list-style-type: none">-dealing with foreign suppliers who may not be able to meet your needs or whose products may not meet standards for the U.S.-subordinates short-term profits to long-term gains-involves added administrative costs-expense of modifying products and/or packaging for the U.S. market-may have higher up-front costs and a delay in profits-additional legal requirements of importing-political and cultural risks/association with foreign country-additional costs/personnel requirements for travel, etc.-may require additional financing to fund-variable duties and other limits which may change during the transaction and create uncertainty

Adapted from Breaking Into the Trade Game, *supra* page 5, at 3-4.

Making the Commitment

Now that you are aware of the resources which will be involved, as well as some of the potential risks and benefits, the next part of making the decision to import is making your commitment real by defining your goals. If you are willing to commit the necessary resources and believe the potential benefits outweigh the risks for your particular situation, you might want to set time limits for each of the next steps. For example, you might plan to have your product, country of origin and method of importing selected by particular dates. This will require you to commit the appropriate resources towards reaching those goals.

Ultimately, you will need to determine whether importing fits into your company's goals. Ask yourself what you want to gain by importing, and whether importing is consistent with your company's other goals. Remember to make sure you know the demands importing will place on your company's management, personnel, facilities and finances. Once you have determined that the expected benefits are worth the costs, you are ready for the next step.

MANAGEMENT ISSUES IN IMPORTING

- Who will run the import department or manage the import transactions?
- What are your expectations for importing?
- Will importing require changes in your organization's structure in order to be effective?
- Who will follow through to make sure the goals for importing are being met?
- Will the items imported compliment products already sold domestically?
- Who will be responsible for determining whether design, packaging or specifications will need to be changed for the U.S. market?
- What amount of capital can be tied up for the import effort?
- What initial expenses are expected and how will they be supported?
- What other parts of the company might conflict or compete with the import plan?
- By what date do you expect an import program to pay for itself?
- Do you have sufficient funds to cover any difficulties in reselling imported products?
- Will you need to add to your facilities to store imported items for sale?

STEP 2: DECIDING WHAT TO IMPORT AND WHERE TO GET IT

The second step in importing is actually a two-part step, because you have to decide both what you are going to import and where you should acquire it. To some degree, these two parts are intertwined and the answer to one part may depend upon the other. For example, you may believe that there is a great market in the U. S. for product A and believe that the best place to find that product is in country B, but research on country B and limits on imports from that country may reveal that it would be too difficult or not profitable to import that product from that country. Further research may show you that, although product A may be a potential moneymaker in the U.S., there is no country from which you can get that product in a reliable, cost-effective manner. Based on this information, you might change both your decision on what to import and your decision on where to get it. Above all, you should keep an open mind and remember that importing can be complex but may also pay off in the long run.

Choosing what to import

The choice of what to import involves many questions. Obviously, if you are familiar with a particular industry and already sell products in that field, you may want to focus your import efforts on products which will allow you to use your expertise in the U.S. market. It could be that you have come across a component part that is not manufactured in the U.S. or is made more inexpensively in another country. In that case, local industries may want to buy that product here, and you may have a built-in market. In choosing what to import, you will need to consider whether there is a market for the product in the U.S., whether the product can be imported, and whether the costs of importing will allow you an adequate profit margin to make importing worthwhile.

a. Is there a market in the U.S.?

If you are familiar with marketing in the U.S., you can rely on your knowledge in determining whether there is a market for your potential import. Just by living here, you already have a good idea of the stability of the state and federal economy and other political issues, but you will still need to do market research to determine whether the product you want to bring in will sell well. Does the product meet consumer needs for a competitive price? Will the product appeal to U. S. consumers? Is it of the quality that U.S. consumers demand? Remember that you are selling 'on your home turf, so to speak, and your reputation is at stake. Although U.S. consumers are often very savvy and avoid substandard products, you should be aware of any potential legal risks and liability considerations which arise from dealing with imported products.

In determining whether there is a market for the product in the U.S., take advantage of industry groups and trade associations, some of which may have market information available for members. Your local bookstore or library will have current books on marketing. You may also want to look at current import statistics in the National Trade Data Bank, to see whether your proposed product is already being imported and where it is coming from.⁵¹

b. Can the product be imported?

Import of certain things may be prohibited or restricted to protect the economy and security of the United States, to safeguard consumer health and well-being, or to preserve domestic plant and animal life. Some commodities are also subject to an import quota or a restraint under trade agreements. Some imports are also restricted because of unfair trade practices in their originating country, such as **subsidies**, which are benefits or monetary support given to a product or industry. U.S. laws and regulations may, for example, prohibit entry; limit entry to certain ports; restrict routing, storage or use; or require treatment, labeling or processing of an item before the item can be imported. Don't assume that you can import something just because you have not heard of any import limitations. It is your responsibility to know the limits or restrictions on the product you want to import, and the consequences of failing to find out about import restrictions or limits can be financially devastating.

⁵¹ This will help you answer the second part of this step, which is finding the best place to buy your product.

Figuring out if a product can be imported is the most complex and often confusing part of importing, because many federal and state agencies are involved in regulating imports, and there are many different kinds of restrictions on importing. **Quotas** are limits on the quantity of particular items that can be imported in a particular period of time. There are various types of quotas, including **tariff-rate quotas**, which allow a certain quantity of an item into the U.S. at a reduced duty for a period of time. When imports exceed the specified quantity, more of the product may still be imported but there will be higher duty rates imposed. **Absolute quotas** are exactly what they sound like. Once the quota amount is met, no more of the item will be allowed into the country. One of the difficulties of importing is that the quota status of a commodity cannot always be determined in advance of its entry, especially when the quota is a tariff-rate quota. Actually, this makes sense, because U.S. Customs has no way to know in advance how many of a particular item will have come across the border prior to the arrival of your shipment.

Import licenses may be required for certain items, and inspections will often be required to ensure that a product meet U.S. safety requirements. Figure 1 contains a list of just some of the agencies involved in import regulation and commodities affected. You will need to contact agencies directly related to your potential import to see if there are requirements or limits on that product. Trade associations can often be helpful sources of information about which specific agencies regulate your particular commodity.

If you are importing items for consumers in the U.S., the Consumer Product Safety Commission is one of the most important agencies you should know about. The C.P.S.C. enforces a number of very significant consumer protection acts, including the Federal Hazardous Substances Act, Poison Prevention Packaging Act, Flammable Fabrics Act and Refrigerator Safety Act. In addition, the agency collects and tallies information on injuries, deaths or illnesses associated with consumer products. For your purposes, you need to be aware of the broad reach of the C.P.S.C.'s mandate. Some examples of items covered by the C.P.S.C. are: large and small appliances, household cleaners, toys, fireworks, sporting goods, bicycles, snowmobiles, houses, drug container closures, fabrics with flammability (including mattresses, carpets and clothing), paints, solvents, matches, lawn mowers, swimming pools, swimming pool slides, furniture polish, glues, home workshop tools, farm equipment, kitchen gadgets and home furnishings. You can get information from the C.P.S.C. on a variety of things, including safety of products, injury data, copies of laws and standards which may apply to your product, and product safety materials you can give to customers. If you are planning on importing a particular item more than once, you will probably want to get on the C.P.S.C.'s list as an "interested party," because you will then receive notice of any proposed standards which may affect your ability to import or sell that product in the United States.

In addition to consumer products regulations and import restrictions, you should also be aware of packaging requirements that may prevent entry of items into the U.S. If you are working with an overseas supplier who is packaging the products, you will need to tell that supplier the packaging and labeling requirements so that your product will not get stopped at the border.⁵²

⁵² More information on packaging, labeling and other requirements is contained in steps 5 and 6 of this section.

FIGURE 1⁵³

<u>AGENCY</u>	<u>COMMODITIES AFFECTED</u>
Animal and Plant Health Inspection Service, Department of Agriculture	Plants and other items, potential quarantines; livestock and animals limitations; meat and meat products; poultry and poultry products
Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury	Arms, ammunition, other explosives; tobacco; alcohol
Department of Energy, Consumer Products Efficiency Branch	Household appliances
Environmental Protection Agency	Pesticides; items which have environmental impact; toxic substances
Federal Communications Commission	Radio Frequency devices
Federal Trade Commission, Division of Energy and Product Information	Electronics (labeling requirements); household appliances; fabric, textile products, wool, fur
Fish and Wildlife Service, Department of the Interior	Wildlife (imports and exports); marine mammals; feathers
Food and Drug Administration, Department Of Health and Human Services	Food; beverages; drugs; devices; cosmetics; cheese, milk and other dairy products
Food and Drug Administration, Division of Import Operations and Policy	Fruits, vegetables and nuts; meat and meat products
Food Safety and Inspection Service, Department of Agriculture	Fruits, vegetables and nuts inspection certificates and other requirements; poultry and poultry products, including eggs
Foreign Agricultural Service, Department of Agriculture	Cheese, milk and dairy import restrictions and quotas
National Marine Fisheries Service, National Oceanic and Atmosphere Administration, Department of Commerce	Seafood, fish products
Nuclear Regulatory Commission	Radioactive materials, including those for medical uses

⁵³ REMEMBER: This is a general list only. You will need to check the specifics for your particular product. Some agencies which may regulate your product may not be listed here. State governments may also have requirements or restrictions on certain imports

c. *A special case: importing services*

If you are planning on trying to import a service, you may face many hurdles, depending upon what you are thinking of importing and where it is going to come from. Obviously, any service you import has to be for legal purposes and you will need to comply with any licensing, permitting or other requirements. In addition, you may find restrictions on using foreign nationals to perform a service in the country, depending upon their immigration status. In some cases, you can get a work visa for a foreign national, but you may have to prove that there was no U. S. citizen able to perform the same tasks. You will need to contact the Immigration and Naturalization Services, U.S. Customs, and other relevant agencies which may regulate the service you are thinking of importing to see what requirements you will face in trying to import the service.

d. *What are the costs of importing the product?*

SOME ITEMS WHICH HAVE BEEN SUBJECT TO
TARIFF RATE QUOTAS

- ☐ Milk and cream
- ☐ Anchovies, in oil
- ☐ Mandarin oranges in airtight containers
 - ☐ Certain olives
 - ☐ Tuna fish
- ☐ Whiskbrooms or other brooms made wholly or in part of broom corn
 - ☐ Certain textiles assembled in Guam
 - ☐ Certain sugars, syrups and molasses
 - ☐ Certain textiles from Canada

In addition to limits on imported products, you need to be aware of some costs of importing your potential product in order to determine whether importing that product makes financial sense. Aside from the usual costs of paying for production and packaging, you will have the unique cost of duties. Put simply, duties are fees paid when items are imported. Duties are based on the Harmonized Tariff Schedule of the U. S. The formulas for calculating duties are very complex and often you will find that a product's duty varies greatly depending

upon its classification by U.S. Customs. Duties are imposed based on different things. Some duties are ad valorem, which means based on a percentage of the value of the imported item. Some duties are based on a specific rate, which is an amount per unit of weight or quantity. Other duties are based on compound calculations, which involve both ad valorem and specific rates.

It is highly likely that you will need help calculating the potential duties your product will face. Your local U.S. Customs office may be helpful but you may need to turn to professionals in international trade. Try to find international attorneys or others experienced in dealing with the most recent version of the Harmonized Tariff Schedule. Believe it or not, there are often several ways of classifying a particular product and seemingly minor differences in classification could result in vast differences in duties you will pay.

Some importers like to try a "test" shipment to see the condition of the items when they arrive, check the timeliness of the shipment, and determine what duty rates will apply. You need to be aware that there is no guarantee that a larger shipment will receive the same duty rates as a small shipment. "Test" shipments may be processed informally because of their size and may not be treated the same way that a larger shipment of the same item would be treated. It is best to contact U.S. Customs and get help in determining the duty

rate that a larger shipment will be charged.⁵⁴ You may also, in some circumstances, request a "ruling" from the District Director of U.S. Customs. A ruling is a binding tariff classification statement, which will tell you what duty classification will apply when you bring the product into the U.S. Although rulings can be revoked, you can usually rely on a written decision. Talk to your attorney about current rules and the current force of written rulings.

Your product may also be subject to what is called a **countervailing duty**, which is an additional duty over and above the duties you will already pay. Countervailing duties are usually published in the U.S. Customs Bulletin and the Federal Register, both of which may be available at your local library or a law library. A customs broker can usually also assist you with all aspects of calculating import duties.⁵⁵

If your product is subject to a tariff-rate quota, you have the additional problem of not knowing which duty will be applied, if any. If an absolute quota applies, you may find the best product in the world for the best price from the best source country, but if the quota is already met you will not be allowed to bring it into the U.S. You may want to consider seeking information about local foreign trade zones, where you can usually store items subject to quota until the quota opens again.

SOME ITEMS WHICH HAVE BEEN
SUBJECT TO ABSOLUTE QUOTAS

- ☐ Certain Ethyl alcohol products
- ☐ Certain milk and cream products,
condensed or evaporated
- ☐ Butter substitutes containing over
45% of butterfat
- ☐ Chocolate containing 5.5% or less
butterfat
 - ☐ Certain cheddar cheeses
 - ☐ Ice cream

In addition to duties, there are other costs involved in exporting. Be prepared to pay stevedoring fees, unloading fees, port or transportation fees, and user fees, among others. Harbors often charge a local harbor maintenance fee and a nationally mandated fee is assessed on the value of imported items, even while they are in foreign trade zones. Again, be sure to research your product thoroughly to ensure that you are aware of the fees, duties, licensing costs, and other costs you will face if you choose to import. To some extent, duties for your product may depend on which country you choose for the country of origin, the second part of this step.

Where should you get your product?

Where you get your product will have a big effect on your bottom line. The source of your product, called the source country or country of origin, affects quotas, duties, and costs. There are also some limits on which countries' products can be brought into the United States. You need to be aware of these issues and be sure that the costs and benefits of getting your product in a particular country of origin will weigh in your favor.

⁵⁴ Despite this limitation, "test" shipments can be helpful in gauging packaging adequacy and checking reliability of the seller. See Step 4 of this section.

⁵⁵ See discussion of customs brokers in Step 3 of this section.

a. *Generalized System of Preferences and other preferences*

The United States has granted tariff preferences to imports from certain countries under a program called the Generalized System of Preferences (GSP). Usually, the countries that have been granted preferences are developing countries. The purpose of these preferences is to help the GSP countries develop their trade and improve their economies. What this means is that, if you are importing from a GSP country, the duties you pay will be reduced or sometimes even eliminated, if you do the paperwork necessary to claim the preference.

The list of countries that have been granted GSP changes over time. You should also be aware that the items which qualify for GSP may vary, because the GSP benefit can be limited if imports from that country have exceeded a certain amount during that year. Even when that specific amount has not been met, you may not be able to benefit from the GSP if the item does not meet specific rules about its origin. Watch for **transshipment**, a practice where a product made in a non-GSP country is sent to and sold by people in a GSP country. Transshipped items are not eligible for the GSP preference, even though you bought them in an eligible country. Make sure you know (and can prove) where your product is actually made. You should also make sure that your product meets the current requirements for the percentage of the product which has to originate from the GSP country.⁵⁶

The Harmonized Tariff Schedule (HTS) of the U.S. has information on the more than 4,000 different subheadings in the GSP eligibility sublist. Most larger public libraries have access to the HTS, and you may be able to find it online.⁵⁷ Importers planning to claim GSP-eligible status will have to do additional work. To claim the status, you will need to make sure that the country of origin is a designated beneficiary developing country, a status which you can find in the HTS. You will also need to put certain information on a document called the UNCTAD (United Nations Conference on Trade and Development) Certificate of Origin Form A. That form, however, is not sold in the U.S. Instead, the "beneficiary" countries, i.e. the GSP countries, are required to print and supply it to exporters, so you can get it from the trade office of the originating country's government. If the form is not available through those offices, you can sometimes get it through printers in certain countries, or you can contact the Director of the Technical Assistant Project/GSP office of UNCTAD. Check with them to make sure that the requirements and forms have not changed as of the time you are involved in importing.

GSP is not the only preference system used by the U. S. You may also find duty-free opportunities under NAFTA, the Caribbean Basin Initiative, the Andean Trade Preference Act, the U. S.-Israel Free Trade Agreement, and other international agreements. For example, under NAFTA, the U.S. is in the process of eliminating tariffs on most goods originating in Canada and Mexico. Some duties have not yet been lifted but are in the process of being phased out. If your particular product is subject to duties which have not yet been lifted, you may want to wait until the duty is lowered or lifted before importing that product from either Canada or Mexico. In the meantime, goods imported into the U. S.

⁵⁶ A list of independent countries and non-independent countries and territories that have been awarded GSP in the past is contained in the **Resources** section of this guide. Contact your attorney or the applicable federal agencies to make sure your potential source country is on the current GSP list.

⁵⁷ See **Resources** for some online addresses which may be helpful in your search.

from Canada will often have a different NAFTA rate than the same goods imported from Mexico.⁵⁸

If NAFTA or other trade preferences apply to your transaction, remember that you have the responsibility, as the importer, to claim the benefits of the preference and make sure you have filled out the necessary forms and taken the necessary steps for claiming the preference. As a result, it is in your best interest to learn about the specific requirements for your product and the preference you are claiming. Usually, you can get information on the agreements granting preferences through the director of Trade Operations at the U.S. Customs Service or the Office of the U.S. Trade Representative. Most preferences under these programs require you to have an UNCTAD Certificate of Origin Form A, but many of them have different requirements for the way the form has to be filled out. U.S. Customs officers, your custom broker, or a good international attorney should be able to help you find out the current requirements.⁵⁹

b. Most Favored Nation

When a country has "Most Favored Nation" status, that means it receives the best trade treatment that a government gives. You may have heard the term used during discussions about political issues, because having MFN status with the U.S. is usually considered a benefit for foreign countries. For your purposes, if you know that the country of origin for your product has MFN status, you can expect that the duties and limits on that country's products will probably be less than those on non-MFN countries. However, some countries without MFN status may still receive quasi-MFN treatment if they meet certain requirements. For example, a country that does not have MFN is usually precluded from participating in U.S. government programs that involve extending credit. That limit may be lifted if the country does not deny citizens the opportunity to emigrate or make emigration difficult. You should be able to get information on which countries are currently receiving MFN treatment from the U. S. by looking at the most recent Tariff Schedules of the U. S.

c. Foreign Assets Control Restrictions

Foreign assets control is actually not a limit on your ownership of foreign assets. Instead, it is a limit on imports of products from specific countries. The limits are usually based on political reasons. For this reason, you should try to be aware of any negotiations or other political activity between your potential source or originating country and the U.S., which may signal a future loosening of trade restrictions.

The list of countries subject to foreign assets control restrictions changes, but the prohibition applies even if you purchase your product in a third country. For example, if you bought cigars made in country X from someone in country Y, you could not import the product to the U.S. even if country Y is not a country on the prohibited list. You should also be aware that items with only components made in a prohibited county will usually be subject to the same prohibitions, so make sure you know where your product's component parts originated.

⁵⁸ U.S. Customs Service Guide to Importing, available online at <http://I-trade.com/dir01/imprtgui/ch2.html>.

⁵⁹ See **Resources** for addresses.

SOME COUNTRIES WHICH
HAVE BEEN SUBJECT TO
FOREIGN ASSETS
CONTROL RESTRICTIONS

Cuba	Haiti
Iran	Iraq
Libya	North Korea
Former Yugoslavia (Serbia and Montenegro)	

Source: Basic Guide to Importing,
supra note 11, at 55.

The list of countries subject to foreign assets control restrictions changes periodically, so you will need to contact the Office of Foreign Assets Control for the current list. For example, Vietnam used to be on the list, but some trade with Vietnam is now being allowed. You will need to check to see if your originating country is on the list. There are also often travel restrictions to these countries, so you should make sure you are aware of the specific limits for your originating country, if any, before traveling there. Although it is theoretically possible to get a specific license to bring in some items from a proscribed country, licenses are virtually never granted, so do not count on being able to get an exemption.

d. Intellectual property issues

One potential problem area for importers arises when the product they import violates the intellectual property rights of some U.S. company or person. Put simply, you will need to check to make sure that the name or markings on your imported product do not copy or simulate a trademark registered to another company, or that the item you are bringing in does not infringe on someone else's copyright. These issues may apply when importing items ranging from computer software to tourist items, such as t-shirts, with familiar logos on them.

For example, if you want to import some charming little mouse t-shirts you found in country G, you will need to make sure the design on those shirts is not a "knock off" of a certain famous mouse already registered by another U.S. company. Violations will result in more than just a slap on the hand. Most companies vigorously defend their trademarks and other intellectual property rights through lawsuits, which can be very costly for you to defend and which can result in significant financial losses if you lose. Theoretically, U.S. Customs can deny entry of any items which seem to infringe on trademark rights unless there is written consent of the owner of the mark or trade name. You can get more information about mark protection from the Intellectual Property Rights Branch of the U.S. Customs Service.

Copyright protections usually prevent you from importing items which violate the rights of the copyright holder in the U. S., even if the owner of the copyright authorizes the import. There are some exceptions, including works published in Braille (a language used by the hearing impaired) and others. The Copyright Office of the Library of Congress has information about copyright protections in general and should also be able to give you information on countries participating in certain copyright treaties that may affect your transaction. It is a very good idea to consult with an intellectual property specialist prior to trying to import any items which may involve intellectual property rights.

e. Country of origin issues and risks

A final and often overlooked question in determining where you should get your product is whether there are country of origin issues. Because the country of origin is where you are buying the product, you do not need to be as aware of the market there as an exporter would, but you will still need to be familiar with the government of your country

of origin and potential problems which may arise. For example, does the country of origin limit export of the product you want to bring to Washington State? Are there fees, duties or other requirements for the export of that product from that country? You should also be aware of issues which might affect your supplier's ability to produce or ship their product, such as potential changes in government or trade policies. Is there a possibility that a new government might nationalize your supplier, i.e. take over control of the factory or other parts of the supplier's business? Even if the supplier does not seem to be a likely target for nationalization, is there a possibility that the electricity or other resources the supplier uses to make your product could become so regulated that the product can no longer be made for the agreed price?

Other country of origin issues may arise due to culture. If you are planning on making the deals with foreign suppliers yourself, you will need to be prepared to deal with cultural issues about contracts, business practices, and negotiation styles. You can research these issues in much the same way an exporter researches a foreign country to see if it is a good market for a product. Look at some of the hints in the exporting section of this guide for help in finding sources for information on cultural issues.

Although some country of origin issues can be addressed in your contract with your supplier, you should still make sure you understand the potential problems that will arise and know how you want to handle them. The advice of an experienced international attorney can often be invaluable, and any time you spend researching your originating country will be time well spent.

STEP 3: CHOOSING HOW TO IMPORT

Now that you have decided, to import, and you have a good idea what you will be importing and where you will acquire it, you need to decide how you want to import. To some degree, choosing how to import will affect what you can import and where you get it. If you choose to import directly yourself, you may not be able to deal with certain countries of origin or difficult-to-enter goods. If, however, you choose indirect importing, you may be able to deal with a "middleman" who has experience in more difficult transactions and can handle the requirements for you. Obviously, each type of importing has different benefits and risks, and different levels of profit, so you will need to be aware of the facts before deciding how you want to operate. You can find information on different firms offering import assistance to clients by looking through trade journals, speaking with others who import, looking at directories of international trade businesses (such as the annual Washington State International Trade directory),⁶⁰ or even looking in the yellow pages of your local phone book under the headings for International Trade Consultants or Import Representatives.

⁶⁰ Information on the directory is contained in the **Resources** section, below.

Indirect importing

Indirect importing involves working with other companies or people who specialize in buying products abroad or otherwise assisting importers. There are many different variations on this theme, of course, so you should always ask a potential import partner to describe exactly which services they offer and what they charge.

SOME DIFFERENT TYPES OF COMPANIES THAT HELP INDIRECT IMPORTERS

<i>Import Merchant:</i>	The import merchant buys on his/her own account, stocks the goods, determines prices, and bills and delivers directly. This type of import middleman usually sells directly to manufacturers, wholesalers or retailers. Thus, if you deal with someone like this, you will not actually be involved in the importing process but will be able to buy items from foreign countries, possibly for resale here.
<i>Commission House:</i>	This type of firm usually acts for foreign exporters, selling their goods in this country on a commission received from the exporter. It may receive goods on consignment from its principals in foreign countries, sell and deduct its commission, or it may function as a sales agent for the foreign exporter, shipping and billing the U.S. customer directly. Again, if you deal with this type of company, you will not actually be involved in the import process yourself except passively, as the buyer.
<i>Resident Agent:</i>	This is a salesman or a firm located here representing a seller located abroad. The resident agent sells for the foreign principal, on a commission basis, and solicits business usually from domestic wholesalers and retailers. If you deal with this type of company, you may be able to request specific changes to a product or have more control over actual production, because you will essentially be dealing with the producer.
<i>Import Broker:</i>	The import broker acts chiefly as an intermediary between the buyer and the seller. Buyers in this country who are in need of foreign products make their requirements known to the broker, who in turn obtains prices from prospective sellers abroad. The import broker differs from the commission merchant in that he/she is not involved in the physical movement of merchandise, nor in its clearance through customs. When a sale is consummated, the domestic buyer receives the goods in his/her own name and makes payment directly to the foreign seller.
<i>Wholesaler:</i>	Some importing wholesalers whose primary business is in domestic products also engage in importing. The wholesaler may import his/her merchandise through their own import department and work through agents or buyers in this country, or through brokers or resident agents. In the latter case, buying and selling of foreign products is often limited in volume.
<i>Other types:</i>	In addition to the company types listed above, there are also many other kinds of companies involved in helping people import. These companies range from consultants who simply help with import documentation or track down import regulations, to companies that essentially walk you through the entire process. To determine what services an import assistance company can provide, ask them directly and be sure to get fee information up front.

If the company is a Washington corporation, you should check them out with the Washington State Corporations Division to make sure they are registered. Although there may not be any sure way to know if a company is legitimate, do your homework and trust your instincts. Make sure to ask for verifiable references of other importers in Washington who have previously worked with the company. Consider contacting agencies like the Better Business Bureau or the Washington State Attorney General's Consumer Protection Division in order to check whether your potential indirect importing partner has been the subject of consumer or other complaints.

To decide whether indirect importing is right for you, you may want to engage in the same kind of analysis suggested above in the exporting section. Write down the parts of the import process you want to handle, those parts you know you can realistically handle, and those parts you do not want to do. Call several firms which specialize in importing and ask what services they offer, then compare those services with your specific needs. You may find that your decision changes as you learn more about what is required to handle things on your own, so you may want to wait until you have done some research before you sign any contracts for services.

Direct importing

Like indirect importing, direct importing has many different variations, with each variation changing your level of involvement in the transaction. The most obvious way to directly import is to do it all yourself, beginning with selecting the product and country of origin or source country, figuring out the restrictions, handling the relations with the supplier, negotiating the contract, and ultimately getting the product to Washington State for sale. However, if you have not imported before, it is strongly recommended that you chose a more gradual introduction to the field. For example, rather than dealing directly with a foreign manufacturer yourself, you could hire a foreign export merchant in your country of origin, who can help identify the manufacturer most likely to be able to provide you with what you need reliably and for a fair price. Getting foreign nationals involved can benefit you in more ways than one, because the export merchant may already have an existing relationship with the industry in the country of origin and may receive better terms than you would on your own. It is also valuable to have someone fluent in the language help you navigate through the requirements of the country of origin.

Whichever method you choose, you should always apply caution when dealing with the foreign company. Get as much information as you can, including references in Washington State or the U.S. which can be easily checked and any other information that will help you determine the reliability of your potential foreign merchant. You should also check with the ITA and consider paying for the background check they can run on foreign agents. Be aware of potential danger signs, such as an agent who promises things that sound too good to be true or claims to have special contacts within the government that will make your dealings easier. It may be true that the agent has connections and it may be true that the opportunities are great, but taking the time to verify information and check a company's reputation is well worth your effort. You should engage in the same kind of due diligence checks on a foreign company that were recommended in the exporting section of this guide, including asking for and verifying local references and getting foreign credit reports or company reports through ITA or private credit checking agencies.

SOME METHODS OF DIRECT IMPORTING

<i>On your own:</i>	You will have to deal directly with all aspects of the import transaction including the manufacturer or producer. You will need to find out information about their honesty, integrity and past record of dependability, as well as their facilities and ability to timely handle their orders. You will also need to handle all of the export issues in your country of origin and import issues in the U.S. It is strongly recommended that you at least hire a good customs broker to help you get your product into the country.
<i>Using intermediaries:</i>	
<i>Foreign Export Merchant:</i>	A foreign export merchant purchases items from local manufacturers and then sells directly to you. You will have to deal with export issues and some import issues, but the merchant may handle all of the packaging and other preparation. In many cases, the export merchant conducts an import business as well. The larger houses, especially the Japanese trading firms, maintain branches in the most important U.S. markets.
<i>Foreign Brokers:</i>	The foreign broker is the counterpart of the U.S. import broker, except they are located close to the foreign source of supply. They are engaged by many types of direct importers in the United States for maintaining contact with sources of supply and frequently also by domestic brokers. The broker usually operates on a commission basis. They usually do not take title to the goods, and in most cases do not take care of shipping details beyond the port of export. A <i>foreign commissioner</i> is similar to a broker; however, they act for the purchaser and are paid a commission.
<i>Foreign Manufacturer's Agent:</i>	The manufacturer's agent is a selling agent for the foreign exporting manufacturer, usually paid by the seller on commission. They seldom take title to the goods they sell and leave the financing of the order to the manufacturer.
<i>Hiring a Traveling Buyer:</i>	Larger U.S. importers, department stores and retail organizations find it to their advantage to have their own traveling buyers overseas. The traveling buyer usually is a specialist in a certain class of goods and thus is able to maintain a close acquaintance with foreign market conditions in their particular field. You may be able to hire the services of an already established buyer, who will buy for you as well as others. Make sure that the buyer does not represent others whose interests might conflict with your ability to get the best deal.
<i>Other companies, including customs brokers:</i>	As with indirect exporting, there are also other companies which offer services to indirect importers, ranging from simply helping with locating potential suppliers to assisting in other ways. Ask what services a particular company is willing to provide and see if those services will match your needs.

Comparing your needs with the services provided by companies that help direct importers will help you determine the type of company you want to hire. Make sure to check references and verify that the company is capable of delivering on their promises before you sign any contracts. A good international attorney can help you safeguard your interests in dealing with foreign and local import partners.

Customs brokers

Customs brokers merit special mention, regardless of how involved you are in your direct import transaction. A good broker can be invaluable, because brokers can clear goods through customs, provide guidance on customs documentations, procedures,

restrictions, and quotas and provide other services. Check around until you find one you are comfortable with and make sure you understand exactly what responsibilities the broker will handle. Make sure your broker is licensed by U.S. Customs; otherwise he or she is virtually useless to you. As usual, you should also check the references and reliability of a broker before choosing one.

Relations with your import partner

Obviously, the contract between you and your import partner will dictate the relationship between you. However, you should be aware of some potential pitfalls that may arise. If you do not prohibit it in your contract, you may find "your" partner working with your competitors at the same time he or she is working with you. Make sure you specify your business expectations for your partner so that he or she will know up front what you want. You should also have your attorney or the specialist helping you in your contracts check to make sure that any contracts with foreign partners are not subject to "imposed" clauses, i.e., clauses that are added to all contracts in the country of origin which supersede any conflicting clauses you write in. These clauses are often designed to ensure that you cannot fire your partner in certain circumstances, and some of them prohibit firing your partner even when there are serious problems with your partner's performance. Always check to make sure you understand each part of the contract and know what effect the laws of your country of origin might have.

STEP 4: FINDING A SUPPLIER AND SIGNING THE CONTRACT

Now that you've made some decisions about your potential import transaction, you will need to find a reliable foreign supplier to produce your product on terms that will satisfy you. This step is crucial to the success of your venture, because the supplier controls your ability to get your product to your consumer. Unless you are a seasoned veteran of international trade, make sure you get professional assistance when choosing a foreign company to work with and when drafting the all-important terms of the contract.

Finding a supplier

You have probably already narrowed your search to manufacturers of particular products in a specific country, but do not know how to go about getting information on specific companies. There are actually many ways you can find this information. First, if you are working with an intermediary, you may ask them to recommend companies that they have successfully dealt with in the past. You may also be working with an intermediary whose job is finding you suppliers, in which case you may only have to determine which supplier you wish to use and verify their dependability and ability to handle your orders.

If, however, you do not have an intermediary who is helping you find a supplier, there are other ways to go about finding one. One of the most useful is international trade fairs, especially if they are conducted by foreign industry associations or foreign countries. You may need to travel to your potential source country to find such a fair, although fairs are increasingly being held in the U.S. so that foreign firms can find U.S. buyers.

There are two main types of trade fairs; horizontal and vertical. Horizontal fairs feature a wide variety of goods and attract a wide audience. Vertical trade fairs focus on a specific industry or product. Vertical fairs are usually attended by businesspeople, while horizontal fairs are often open to the general public. If you decide to attend a trade fair to search for suppliers, make sure to get information on more than one company and try to talk to the representatives of those suppliers to get a feel for their business.

Information on trade fairs can be found in many places, including international newspapers, industry publications, and often through trade or development offices of the country of origin of your potential imports. You should also contact your source country's embassy, commercial or trade office, to see whether they can assist you in finding suppliers. Some countries have begun producing marketing materials showcasing their industries and companies, in order to try to increase their export business. The country of origin's representatives may also be able to help you by setting up appointments with suppliers in their country or arranging meetings. The U.S. Commercial Service officers in your target country might also have helpful information.⁶¹

Making the decision

After you have several suppliers to choose from, you will need to make your decision. Start by asking for information from the potential supplier. How long has the company been in business? What are their production capabilities? Can they meet your projected need? You may also want to find out if the company will have the ability to increase production if your needs grow, as well as determining how much of the supplier's present capacity is already committed to other purchasers. You will want to make sure that your orders remain a priority and that they will not be "bumped" to satisfy the needs of other purchasers. You might want to find out if a government agency is a purchaser, because that might increase the possibility that any shortages could affect you.

There are other questions you may want answered before you select your supplier. What kind of quality control systems does the company have in place to ensure that your products will be uniformly well-made and safe for the U.S. consumer? Does the company have a history of dealing with other U.S. companies? If so, ask for references and check them to make sure that the supplier dealt with the other U.S. companies fairly. You should also make sure that you communicate well with the person in the company who will be responsible for dealing with your orders. Again, hiring professionals to help you with the selection process is recommended.

Negotiating the contract

The importance of having an attorney assist you in negotiating and drafting your contract with your supplier cannot be overemphasized. An experienced international attorney can help you understand what clauses will need to be included to ensure that any risks are minimized and potential problems covered in advance. Without an attorney, you could find yourself facing legal problems not only at home but in your country of origin as well, and those problems will not be minor.

⁶¹ITA and other agencies often have a wealth of information about trade fairs. See **Resources** for contact information.

With that advice in mind, the following is a list of some common components which your attorney will usually include in your contract:

COMMON CONTRACT COMPONENTS

- The names and addresses of both parties and the date the agreement goes into effect
- The duration of the agreement
- A thorough description of product lines included
- Prohibitions on the manufacture, representation, or sale of similar or competitive products (conflict of interest)
- Determination of the responsibility for patent and trademark protection
- Designation of the law of the country or state that will be applied in the event of a dispute
- Provision for dispute resolution, such as an arbitration clause
- A promise not to reveal confidential information unless mutually agreed upon
- Provisions for extending or terminating the agreement
- The place and time at which title to the merchandise passes from the seller to the buyer

Some of these issues may only arise if you provide product specifications for a foreign manufacturer to use in making your product. Regardless whether you are providing specifications or purchasing an already made product, make sure that your contracts avoid clauses which could violate U.S. antitrust laws, antiboycott and antidiversion laws discussed in "The Basics", or you will encounter serious problems later on.

Test shipments

Before you sign the contract with your potential foreign supplier, you may want to have them send you a test shipment to see how the products fare during transport and to determine whether the goods you receive will be the same as any samples you may have seen. This may not be an option if you are having a product made to your specification, because your supplier may not be willing to gear up production on that product unless they have a firm agreement with you. However, if you can get a test shipment sent, it can tell you a lot about your potential import. How does it arrive? Do changes need to be made in the packaging? You may learn other information from a test shipment, which may make it worth your time and potential effort to arrange.

STEP 5: PAYING FOR YOUR PRODUCTS

The methods of paying for foreign products you want to import are the same as the methods exporters use to get paid for their U.S. products. In other words, you can use irrevocable letters of credit, documentary collections, cash in advance or open account. Until you have a good relationship with your supplier, that company is likely to require that you pay by irrevocable letter of credit (L/C). Many of the specifics about letters of credit have been discussed in the exporting section of this guide, and your banker can provide you with specific information relating to your particular needs. You will need your bank to establish a line of credit providing for issuance of letters of credit. Be aware of the terms

under which L/C's will be issued by the bank on your behalf, including fees and other requirements. You may want to ask for extended repayment terms through the bank, in order to spread your cost over time, if such terms are acceptable to the seller.

Some of the information the bank is likely to need includes a description of the goods, quantity, terms of sale, latest shipping date, terms of transportation, insurance requirements, method of shipment and tenor of the draft, among other things. You will need to describe which documents you want the shipper to be required to present with the draft before payment will be made. Your bank can give you advice about which documents you should require, but, in general, those documents include an original bill of lading, shippers invoice, packing list, and inspection or weighing certificates. You will also need to provide the terms of the draft.

Sometimes U.S. importers carry their own casualty insurance under an open policy, but if this is not the case, the letter of credit application should state the nature of insurance and what risks are to be covered in addition to the usual marine risk. Remember that an irrevocable letter of credit cannot be modified or canceled after it has been issued without the consent of both parties.

If you choose to pursue other payment methods besides L/C's, make sure you understand the potential risks and benefits of each. For example, if the seller in your country of origin asks you to pay cash in advance of shipments, be aware of the potential difficulties you may have in getting your money back if something goes wrong. Remember that you are dealing with someone in a different country, with a different legal system and different rules about enforcing and collecting debts. It may be extremely costly and difficult for you to try to get a refund in a foreign country. Because of this and other serious risks, paying cash in advance for items you want to import into the U.S. is strongly discouraged. Make sure you consult with your banker and, if necessary, an experienced international trade attorney and are aware of any risks you may be facing with the method of payment you chose.

STEP 6: GETTING THE PAPERS TOGETHER

Once you place an order with your supplier, there are other details you will need to take care of. You should send the supplier a purchase order, stating the shipping date, naming a shipping line or method of transportation, designating a notifying party, and specifying the requirements for marking or shipping to your location. Because you have already researched limits on importing your product, you should already know what documents will be required for the products to cross the border, as well as knowing other requirements like packaging and inspection certificates. Make sure your supplier knows all of the requirements and is willing to take care of everything that needs to be done to ensure that your products arrive in good condition and meet all the requirements for entry into the U.S. State the requirements in your contract so that they will be clear.

The paperwork required for your products to enter the United States includes an Entry Manifest, an "Evidence of right to make an entry," a commercial invoice or a pro forma invoice when the invoice is not available, packing lists (if appropriate), and other documents necessary to determine "merchandise admissibility."⁶² The requirements and

⁶² Basic Guide to Importing, *supra* note 11, at 5.

documents often change and can be complex. Again, it is strongly recommended that you hire a customs broker to help you through this process. At the least, make sure you spend some time getting information on the particular requirements for your proposed import, so that you can inform your trading partner of the requirements or can take care of them yourself.

Probably the most important document in the import process is the commercial invoice, usually signed by the seller or shipper. It has to include very specific information, basically detailing the entire import transaction. A separate invoice is usually required by U.S. Customs for each shipment, even if the shipments are in installments, unless the installments will arrive at the port of entry within less than 10 consecutive days of the original shipment. In general, the commercial invoice has to include specific, detailed information about your transaction. You should consult with U.S. Customs and/or an import specialist to ensure that the invoice meets the current requirements so that your shipment will be allowed into the country.

INFORMATION OFTEN REQUIRED FOR THE COMMERCIAL INVOICE

- ✓ The port of entry in the United States where the merchandise will arrive
- ✓ The time, date and place of sale and the names of the buyer and seller. If consigned, the time and origin of shipment and names of shipper and receiver
- ✓ A detailed description of the goods which should include:
 - The trade name by which each item is known in the country of origin
 - The grade or quality of each item
 - Any marks, numbers or symbols under each item as sold by the manufacturer or seller in the country of origin
 - The marks and number of packages in which the merchandise is packed
- ✓ The marks and number of packages in which the merchandise is packed. It is extremely important to place legible marks and numbers on each parcel package or case. These marks and numbers should be shown on the invoice opposite the itemization of the goods contained in that particular package
- ✓ The quantities and the weights and measures of the country of origin or in the weights and measures of the United States
- ✓ The purchase price of the merchandise in the currency of purchase
- ✓ If the merchandise is shipped for consignment, the value for each item, in the currency in which the transactions are usually made, or, in the absence of such value, the price in such currency that the manufacturer, seller, shipper, or owner would have received, or was willing to receive, for such merchandise if sold in the ordinary course of trade and in the usual wholesale quantities in the country of origin
- ✓ All charges included in the cost, itemized by name and amount, or if this is unknown, the charges by name that are included in the invoice prices (including commissions, insurance, freight, packing, containers, etc.)
- ✓ All rebates, drawbacks and bounties, separately itemized, allowed upon the exportation of the merchandise
- ✓ When the export price of a good is less than the prevailing price in the home market, the question of a possible sale at less than fair value arises (dumping). If such a price differential exists, an explanation should be attached to the invoice
- ✓ The country of origin
- ✓ All goods or services furnished for the production of the merchandise not included in the invoice price
- ✓ Any other facts that may be helpful to the proper appraisal, examination and classification of the merchandise

Adapted from Basic Guide to Importing, *supra* note 11, at 13. This list is not intended to be comprehensive and other requirements may apply. You should always check with U.S. Customs to make sure you know the current requirements. It is also strongly recommended that you consult with your international trade attorney or trade specialist about current requirements.

The reason for all this information is that U.S. Customs is required to determine the value of imported merchandise, and the usual way they make that determination is through the "transaction value for the goods."⁶³ If the transaction value cannot be determined readily, the

⁶³ Basic Guide to Importing, *supra* note 11, at 5.

Customs official may rely on transaction values of similar or identical merchandise or another method of determining the value. The information in the commercial invoice can be a crucial part of that determination.

Errors in invoicing

You should make sure that you avoid making mistakes in invoicing, because the results can be very serious. Not only can you face difficulties and delays in getting your products, you might face penal sanctions if you do not include all the required information in the invoice and other documents. Any statements of fact deemed to be inaccurate or misleading can cause serious fines and sanctions. Even if your mistake was unintentional, you may still have to show that you exercised due diligence in filling out the forms in order to avoid penalties. Special care should be taken to make sure that the information about prices, values, charges, commissions, discounts and merchandise descriptions are accurate.

Marking requirements

All articles imported into the United States have to be legibly and permanently marked with the English name of the country of origin so the ultimate purchaser knows where the item was produced. Sometimes the marks only have to be made on the container. Products which will be combined with other products still need to be marked, but the requirements may be different. If a shipment reaches the U.S. without the proper marks, it will be charged a marking duty equal to a percentage (currently 10%) of the customs value of the article. The duty will be usually assessed unless the article is exported, destroyed or properly marked under U.S. Customs supervision. However, marking while in Customs supervision can be costly and difficult. There are also special marking requirements for particular products, such as iron and steel pipe and pipe fittings, knives, clippers, shears, safety razors and surgical instruments, clock movements, watch cases, and others. You should contact U.S. Customs to request

SOME PRODUCTS CURRENTLY EXEMPTED FROM THE MARKING REQUIREMENTS

Artwork	Eggs	Paper, newsprint
Ballbearings, 5/8 or less in diameter	Feathers	Parchment and vellum
Briquettes made of coal or coke	Firewood	Pulpwood
Burlap	Flowers, cut	Rope
Buttons	Hairnets	Screws
Cars (playing)	Leather, except finished	Stamps
Cigars and cigarettes	Livestock	Trees (Christmas)

Taken from Basic Guide to Importing, *supra* note 11, at 43.

information on marking requirements, both regular and special, to make sure you do not lose money and time by failing to have your products ready when they arrive at the point of entry.

When a product is exempted from marking requirements, usually the container for the article is also exempted from marking. There are also sometimes exemptions for items not brought in for sale in either their original or any other form. There can also be

exemptions for articles which cannot be marked, or cannot be marked prior to shipment to the U. S. without injury, for crude substances, and for articles produced more than 20 years prior to their importation into the U.S. In addition, usually words or symbols in addition to the country of origin need not appear on articles which will be substantially changed in the United States. For example, additional words or symbols would likely not be required on toothbrush handles which are to be used in the United States in the manufacture of toothbrushes.

Although there are a number of exemptions to the marking requirements, the requirements are subject to change, and you should verify that your product is currently exempt before attempting to avoid marking requirements. Even when the exceptions apply, you must usually mark the outermost containers with certain minimal required information, such as the English name of the country of origin.

Marks which create a false impression and other sanctionable behavior

It is a violation of U.S. law to mark an imported article of foreign origin with any name or mark calculated to induce the public to believe the article was manufactured in the other country than the one in which it was manufactured. Using the words "United States," the letters "U.S.A.," or the name of any city or locality in the United States on any imported article or on the containers for that article is considered to be an attempt to create a false impression of the product's origin unless the name of the actual country of origin appears in close proximity to the name which induces the impression that the item was domestically produced. Remember also that any imported article bearing a name or mark prohibited by the Trademark Act is subject to seizure and forfeiture. Again, your customs broker can advise you on marking requirements. Improperly marked or unmarked items will be held by U.S. Customs until correctly marked. This can be extremely costly.

You can also be sanctioned, and often very seriously, if you introduce or attempt to introduce anything into U.S. commerce "by means of any material and false written or oral statement, document or act, or by any omission which is material."⁶⁴ In simple terms, what this means is don't lie to U.S. Customs or any other agency involved in your import transaction. It may seem obvious, but even unintentional mistakes can cause you problems if they are considered "negligent," i.e., if you knew or should have known not to make the mistake. You can be subject to penalties, your imports can be seized, and, if you give any false information to any U.S. Customs officer, you can get up to two years in jail and be fined up to \$5,000.⁶⁵ If there is a "fraud" involving money laundering or bank secrecy issues, penalties can include imprisonment for up to 20 years for each offense and fines of up to \$500,000. Needless to say, you should make sure to be careful and honest in what you say and do in your import transaction.

STEP 7: GETTING YOUR SHIPMENT

When your shipment reaches the U.S.A., the carrier will notify his or her agent or your designated customs broker that it has arrived. It is now your responsibility to arrange for examination of the goods by U.S. Customs and their release. You can do this yourself or

⁶⁴ Basic Guide to Importing, *supra* note 11, at 62.

⁶⁵ The fines and length of jail time is likely to increase, so treat the above listed penalties as only minimums.

hire the services of a licensed customs broker. Until you become familiar with the often complex maze of U.S. Customs laws, regulations and procedures, you should not attempt to handle this task alone. Hiring a qualified customs broker will save you time, money and effort.

If you decide to employ a customs broker, you need to find out from the broker exactly what is expected of you. Usually, you give the broker the bill of lading, the commercial invoice and the packing list. The broker takes the goods through customs clearance procedures and finally notifies you of the import duty due. After the duty is paid (by you), the goods will be released. If the procedure is smooth, the process will take an average of from one to fourteen days. Where goods are to be released for immediate delivery (e.g., perishable goods), you will be required to post a bond to cover any potential duties.

All qualified brokers are bonded, and your broker may be willing to allow you to use his or her bond in lieu of posting bond for immediate delivery goods. Estimated duties must usually be deposited at the port of entry within 10 working days of the time the goods are entered and released. For established customers, customs brokers will sometimes advance payment for the duties, clear the goods and then bill the client. Check with your broker to see if this service is available and whether it is available to new customers or only established customers who import a particular volume through the broker.

If you prefer to clear the goods through customs yourself, there are usually two parts to the process:

- 1) Within five working days of the date the shipment arrives, entry documents must be filed at a location specified by U.S. Customs. These documents usually consist of: a commercial invoice, packing lists, evidence of right to make entry and other documents necessary to determine merchandise admissibility.

- 2) Within ten working days, documents containing information for duty assessment must be lodged and estimated duties paid.

Again, because rules change, you should check with U.S. Customs for more information and for current requirements or procedures if you plan to clear the goods yourself.

STEP 8: EVALUATING YOUR EXPERIENCE

Now that you have completed your import transaction, you should take a moment to examine your experience. Were there parts of the import process that did not work well for you? Were there things that you really enjoyed? What were your best sources of information? Which agents would you work with again? What would you do differently? Taking time now to evaluate the successes and failures of your transaction may help your next transaction be even more successful than the first.

RESOURCES

Now that you have mastered the basics and started towards your export or import goal, you will need to do more research into the specific areas in which you will be working. Luckily, there are a large number of very helpful books, magazines and web sites on topics related to exporting and importing, many of which were used in the compilation of this guide. The list below includes many sources which may be helpful in your research, however there are many others you may find in libraries, through your local bookstore, or online. This is not a comprehensive list, and addresses and agency responsibilities may change over time, but it is hoped that this section of the guide will help you at least start to gather the necessary information.

CONTACT ADDRESSES*

State and federal agencies

Agriculture

Agricultural Marketing Service
U.S. Department of Agriculture
Washington, D.C. 20250
(202) 720-7420

Food and Drug Administration
Division of Import Operations and Policy (HFC-170)
5600 Fishers Lane
(800) 532-4440 (main number for FDA)

Washington State Department of Agriculture
International Marketing Division
P.O. Box 42560
Olympia, WA. 98504-2560
(360) 902-1915
FAX: (360) 902-2089

Arms, ammunition, alcohol and tobacco

Bureau of Alcohol, Tobacco and Firearms
U.S. Department of the Treasury
Washington, D.C. 20226
(202) 927-7920

Washington State Liquor Control Board
Manufacturers, Importers and Wholesalers Section
1025 East Union
Olympia, WA. 98504
(360) 664-4054
FAX: (360) 664-2249

Import Licensing Group
Foreign Agriculture Service
Room 5531-S
U. S. Department of Agriculture
Washington, D.C. 20250
(202) 720-1344
FAX: (202) 720-6556

Food and Drug Administration
22201-23rd Drive S.E.
Bothell, WA. 98021
(425) 486-8788
FAX: (425) 483-4996

Bureau of Alcohol, Tobacco and Firearms
U.S. Department of the Treasury
915 Second Avenue, Room 806
Seattle, WA. 98174
(206) 220-6450
FAX: (206) 220-6446

* FAX numbers were not available for all agencies.

Commerce

General information number for the Department of Commerce- (202) 482-2000

Bureau of Export Administration
Western Region
3300 Irvine Avenue, Suite 345
Newport Beach, CA. 92660
(714) 660-0144
FAX: (714) 660-9347

Business America Magazine
Room 3414
U.S. Department of Commerce
14th and Constitution Ave., N.W.
Washington, D.C. 20230
(202) 482-3251
FAX: (202) 482-5819

Committee For Implementation of Textile Agreements
U.S. Department of Commerce
14th and Constitution Ave., N.W.
Washington, D.C. 20230
(202) 482-5078
FAX: (202) 482-2331

U.S. Export Assistance Center
(Commerce and other agencies)
2001 6th Avenue, Suite 650
Seattle WA. 98121
(206) 553-5615
FAX: (206) 553-7253

U.S. Export Assistance Center
1020 West Riverside
P.O. Box 2147
Spokane, WA. 99201-2147
(509) 459-4125
FAX: (509) 747-0077

Exporter Counseling Division
Bureau of Export Administration
14th and Constitution Ave., N.W.
Room H1099D
Washington, D.C. 20230
(202) 482-4811
FAX: (202) 482-3617

Minority Business Development Agency
U.S. Department of Commerce
221 Main Street, Suite 1280
San Francisco, CA. 94105
(415) 744-3001

Import Administration
U.S. Department of Commerce
14th and Constitution Ave., N.W.
Washington, D.C. 20230
(202) 482-1780
FAX: (202) 482-0947

Statutory Import Programs Staff
U.S. Department of Commerce
14th and Constitution Ave., N.W., Rm. 4211
Washington, D.C. 20230
(202) 482-1660
FAX: (202) 482-0949

Trade Information Center
U.S. Department of Commerce
1401 Constitution Avenue N.W., Rm 7424
Washington, D.C. 20230
(800) USA TRADE

Community, Trade and Economic Development

Washington State Department of Community, Trade and Economic Development
Trade and Market Development Division
2001 6th Avenue, Suite 2600
Seattle, WA. 98121
(206) 464-7143
FAX: (206) 464-7222

CTED has an Emerging Markets Program, a Greater China Program, a Japan Program, an Americas Program, a Europe Program, a Forest Products Program, and a Local Trade Assistance Network. Information on all of these programs is available through the Seattle office. Washington State has several overseas offices, including offices in Tokyo, Japan; Taipei, Taiwan; Shanghai, China; Paris, France; and Vladivostok, Russia.

Consumer Products

Office of the Attorney General
Washington State
Consumer Protection Division
900 Fourth Avenue, Suite 2000
Seattle, WA. 98164
(206) 464-6684
(800) 551-4636
FAX: (206) 464-6451

Consumer Products Safety Commission
Washington, D.C. 20207
(301) 504-0580
FAX: (301) 504-0862

Consumer Products Safety Commission
P.O. Box 23730
Seattle, WA. 98093
(206) 553-5276

Corporations

Corporations Division
Secretary of State's Office
Washington State
P.O. Box 40234
Olympia, WA. 98504-0234
(360) 753-7115
FAX: (360) 664-8781

Customs

General information number for Customs - (202) 927-6724

Carrier Regulations Branch
Office of Regulations and Rulings
U.S. Customs Service
1301 Constitution Avenue, N.W.
Franklin Court, Suite 4000
Washington, D.C. 20229
(202) 482-6900
FAX: (202) 482-7042

Drawback Unit
Office of Trade Operations
U.S. Customs Service
1301 Constitution Avenue, N.W.
Washington, D.C. 20229
(202) 927-0300
FAX: (202) 927-1096

Quota Branch
U.S. Customs Service
1301 Constitution Avenue, N.W.
Washington, D.C. 20229
(202) 927-5850
FAX: (202) 927-7030

Seattle Office, U.S. Customs
1000 Second Avenue, #2300
Seattle, WA. 98104
(206) 553-7351
FAX (206) 553-1401

Environment and Energy

General information number for EPA- (800) 424-4372

Environmental Protection Agency
Investigation/Imports Section (6405-J)
Washington, D.C. 20460
(202) 233-9660
FAX: (202) 233-9596

Environmental Protection Agency
1200 Sixth Avenue
Seattle, WA. 98101
(206) 553-1200
FAX: (206) 553-8509

U.S. Department of Energy (Seattle Support Office)
800 Fifth Avenue, Suite 3950
Seattle, WA. 98104-1004
(206) 553-1004
FAX: (206) 553-2200

Export Finance Assistance Center/Export Trade Finance Officer

Export Finance Assistance Center of Washington
c/o U.S. Export Assistance Center
Westin Building, 2001 6th Avenue, Suite 650
Seattle, Washington 98121
(206) 553-5615
FAX: (206) 464-7230

There is also an Export Trade Finance Officer in the Export Finance Assistance Center.

Export-Import Bank

Export Finance Hotline - (800) 565-3946

Ex-Im Bank
811 Vermont Avenue, N.W.
Washington, D.C. 20571
(202) 565-3460

Ex-Im Bank
1 World Trade Center, Suite 1670
Longbeach, CA. 90831
(310) 980-4580
FAX: (310) 980-4590

Federal Trade Commission

Division of Energy and Product Information
Federal Trade Commission
Washington, D.C. 20580
(202) 326-2180
FAX: (202) 326-3366

Foreign Assets Control

Office of Foreign Assets Control
U.S. Department of the Treasury
Washington, D.C. 20220
(202) 622-2500

Harmonized Tariff Schedule Numbers

Census Bureau Foreign Trade Division
(301) 457-2242

Hazardous Materials

Toxic Substances Control Act Information Service-(202) 554-1404

Nuclear Regulatory Commission
Washington, D.C. 20520
(301) 415-7000
(800) 368-5642
FAX: (301) 415-7010

Office of Hazardous Materials Safety
U.S. Department of Transportation
Washington, D.C. 20590
(202) 366-4488
(800) 467-4922
FAX: (202) 366-3753

Immigration

Immigration and Naturalization Service
815 Airport Way South
Seattle, WA. 98134
(206) 553-5956
FAX: (206) 553-1464

U.S. Department of Labor
1111 Third Avenue, Suite 900
Seattle, WA. 98101
(206) 553-5297
FAX: (206) 553-0098

Information hotlines

Federal agency information number
(800) 688-9889

Washington agency information number
(800) 321-2808

Intellectual property

Copyright Office
Library of Congress
Washington, D.C. 20559
(202) 707-3000

U.S. Customs Service
Intellectual Property Rights Branch
1301 Constitution Ave., NW
Franklin Court
Washington, D.C. 20229
(202) 482-6960

U.S. Patent and Trademark Office
2121 Crystal
Arlington, VA. 22202
(703) 305-8341
(800) 786-9199
FAX: (703) 308-5258

International Development

Agency for International Development (USAID)
Center for Trade and Investment Services
SA-2, Room 100
Washington, D.C. 20523-0229
(202) 663-2660
(800) USAID-4-U
FAX: (202) 663-2670

Overseas Private Investment Corp.
1100 New York Avenue, N.W.
Washington, D.C. 20527
(202) 336-8799

U.S. Department of Commerce*
Multilateral Development Bank Operations
14th and Constitution Ave., N.W.
Washington, D.C. 20230
(202) 482-3399

*This office can provide you with information on all of the development banks.

Plants, animals, fish, wildlife, food and other biological products

Animal and Plant Health Inspection Service
U.S. Department of Agriculture
4700 River Road
Riverdale, MD. 20737
(301) 734-6653 (imports)
(301) 734-8537 (exports)

Animal and Plant Health Inspection Service
U.S. Department of Agriculture
16215 Air Cargo Road, Suite 112
SeaTac International Airport,
Seattle, WA. 98158
(206) 764-6547
FAX: (206) 764-3825

Food and Drug Administration (main address)
5600 Fishers Lane
Rockville, MD. 20867
(301) 827-4420

Food and Drug Administration
Center for Biologics Evaluation and Research
1401 Rockville Pike
Rockville, MD. 20852
(301) 594-2006
FAX: (301) 594-0940

National Oceanic and Atmosphere Administration
National Marine Fisheries Service
1315 East West Highway
Silver Spring, MD. 20901
(301) 713-2370
FAX: (301) 713-1452

National Marine Fisheries Service
7600 Sand Point Way, N.E.
Bin C 15700, Building #1
Seattle, WA. 98115
(206) 526-6117
FAX: (206) 526-6544

U.S. Fish and Wildlife Service
Department of the Interior
1849 "C" Street, N.W.
Washington, D.C. 20240
(202) 208-4717
FAX: (202) 208-6965

U.S. Public Health Service
Centers for Disease Control
1600 Clifton Road, N.E.
Atlanta, GA. 30333
(404) 639-3534
(800) 311-3435

Printing Office

Government Printing Office
Washington, D.C. 20402
(202) 783-3238
FAX: (202) 512-2250

Government Printing Office
915 Second Avenue
Seattle, WA. 98174
(206) 553-4270
FAX: (206) 553-6717

Small Business Administration

SBA Answer Desk - (800) 8-ASK-SBA

Small Business Administration Seattle
1200 Sixth Avenue, Suite 1700
Seattle, WA. 98101
(206) 553-7311
FAX: (206) 553-7044

Small Business Administration Spokane
W. 601 First Ave., 10th Floor East
Spokane, WA. 99204
(509) 353-2806

Tax offices*

Internal Revenue Service
915 Second Avenue
Seattle, WA. 98174
(206) 442-1040

Department of Revenue
Washington State
(Offices throughout the state: for
general information or to find office
closest to you, call hotline)
(800) 647-7706 (hotline)

* Please note: state and federal tax offices may not be the only offices you will need to contact for your business. Check with your city and county to determine any other potential tax requirements.

Trade

Trade Information Center - (800) 872-8723

Court of International Trade
1 Federal Plaza, Room 379
New York, N.Y. 10007
(212) 264-2800

Office of the U.S. Trade Representative
600 17th St., N.W.
Washington, D.C. 20506
(202) 395-3230
FAX: (202) 395-7226

International Trade Commission (ITC)
500 "E" Street, S.W.
Washington, D.C. 20436
(202) 205-2000

Special Trade Representative for
Washington State
2001 Sixth Avenue, Suite 2600
Seattle, WA. 98121
(206) 464-7143
FAX: (206) 464-7222

Transportation

U.S. Department of Transportation
National Highway Traffic Safety Administration
Director of the Office of Vehicle Safety Compliance
(NEF-32)
400 Seventh Street, S.W.
Washington, D.C. 20590
(202) 366-5313

U.S. Department of Transportation
National Highway Traffic Safety Administration
915 Second Avenue
Seattle, WA. 98174
(206) 220-7640
FAX: (206) 220-7651

Other addresses

ARBITRATION

American Arbitration Association
140 W. 51st St.
New York, N.Y. 10020
(212) 484-4000

Washington State Bar
2101 Fourth Avenue, Fourth Floor
Seattle, WA. 98121-2330
(206) 727-8200
(for Arbitration or International Law Sections)

International Chamber of Commerce
ICC Publishing, Inc.
156 Fifth Avenue
New York, N.Y. 10010
(212) 206-1150

ASSOCIATIONS (NATIONAL)

American Association of Exporters and Importers
11 West 42nd Street
New York, N.Y. 10036
(212) 944-2230

National Association of Export Companies
Association P.O. Box 1330, Murray Hill Station
New York, N.Y. 10156
(212) 725-3311

National Customs Brokers and Forwarders
of America
One World Trade Center, Suite 1153
New York, N.Y. 10048
(212) 432-0050

National Foreign Trade Council
1625 K Street, N.W.
Washington, D.C. 20006
(202) 887-0278

Small Business Exporters Association
4603 John Taylor Court
Annandale, VA. 22003
(703) 642-2490

United States Council for International Business
1212 Avenue of the Americas, 21st Floor
New York, N.Y. 10026
(212) 354-4480
(for ATA Carnet)

U.S. Chamber of Commerce
International Division
1615 H Street, N.W.
Washington, D.C. 20062
(202) 463-5460

World Trade Centers Association
One World Trade Center, 35th Floor
New York, N.Y. 10048
(212) 432-2626

ASSOCIATIONS (LOCAL)*

Trade Development Alliance of Greater Seattle
1301 Fifth Avenue, 24th Floor
Seattle, WA. 98101-2603
(206) 389-7301
FAX: (206) 624-5689

Washington Council on International Trade
2615 Fourth Avenue #350
Seattle, WA. 98121
(206) 443-3826
FAX: (206) 443-3828

Washington State International Trade Fair
999 Third Avenue, #1020
Seattle, WA. 98104
(206) 682-6900
FAX: (206) 682-6190

World Affairs Council
515 Madison Street #501
Seattle, WA. 98104
(206) 682-6986
FAX: (206) 682-0811

World Trade Center Seattle
1301 Fifth Avenue #2400
Seattle, WA. 98101
(206) 389-7265
FAX: (206) 624-5689

World Trade Center Tacoma
3600 Port of Tacoma Road, #309
Tacoma, WA. 98424
(253) 383-9474
FAX: (253) 926-0384

World Trade Club
P.O. Box 21488
Seattle, WA. 98111
(206) 448-8803
FAX: (206) 448-3531

World Trade Committee of Greater Vancouver
Greater Vancouver Chamber of Commerce
Vancouver, WA. 98663
(360) 694-2588
FAX: (360) 693-8279

INTERNATIONAL ORGANIZATIONS

Director, Technical Assistant Project/ GSP
United Nations Conference on Trade and Development
(UNCTAD)
1211 Geneva 10
Switzerland
(202) 331-8670 (D.C. U.N. public information center)

* Please note that this list includes only general associations. A more complete list of associations, including industry, country and region specific associations is available through the Trade Development Alliance of Greater Seattle, the Washington Council on International Trade, or CTED. *See* below (discussion of “Tools of the Trade” publication).

World Bank
1818 H Street, N.W.
Washington, D.C. 20433
(202) 477-1234

World Trade Organization
Centre William Reppard
154, Rue de Lausanne
CH-1211
Geneva, Switzerland
41-22-739-5111

MISC. ADDRESSES

Better Business Bureau
4800 S. 188th
SeaTac, WA. 98188
(206) 431-2222

Better Business Bureau
123 East Indiana Avenue, Suite 106
Spokane, WA. 99207
(509) 328-2100

PUBLICATIONS

AgExporter is a magazine published by the U.S. Department of Agriculture Foreign Agricultural Service. The magazine has information on international trade and business opportunities in agricultural products. You can get information through the National Technical Information Service at:

AgExporter
National Technical Information Service
U.S. Department of Commerce
Springfield, VA. 22161
(703) 487-4630
“<http://www.ntis.gov>”

Business America is published by the U.S. Department of Commerce. The magazine has information on international trade issues and business opportunities overseas. Available through the U.S. Government Printing Office (see address above).

Doing Business in. . . Series. Series of manuals on doing business in various countries. You can get information and descriptions of the products through Matthew Bender and Co. at:

Matthew Bender and Co.
International Division
1275 Broadway
Albany, N.Y. 12204
(800) 424-4200

Export Leads Newspaper. Newspaper which provides export marketing leads to subscribers; privately produced. Available through:

Export-Leads Interdata
1741 Kekamek, N.W.
Poulsbo, WA. 98370
(360) 779-1511
FAX: (360) 697-4696
“<http://www.export-leads.com>”

Export Shipping Manual and International Trade Reporter are just two of the very useful publications from the Bureau of National Affairs, Inc. Information is available through them at:

Bureau of National Affairs, Inc.
Distribution Center
9435 Key West Avenue
Rockville, MD. 20850
(800) 372-1033
FAX: (800) 253-0332

Export Today is a magazine geared towards providing "how to" information to exporters. Subscription information is available at:

Export Today
733 15th Street, N.W., Suite 1100
Washington, D.C. 2005
(202) 737-1060
FAX: (202) 783-5966

"Tools of the Trade" is a free directory of international trade organizations in Washington state. It is published by CTED, the Trade Development Alliance of Greater Seattle, and the Washington Council on International Trade, and is available through those agencies (addresses above). The guide is a few years old but may be updated soon.

The Washington State Food and Agricultural Directory is published by the Washington State Department of Agriculture International Marketing Program. The Directory has information on food and agricultural products produced in Washington State, helpful for potential exporters. Contact the State Department of Agriculture for purchase information (address above).

The Washington State International Trade Directory is an annual directory with information on exporters and importers and support services (such as accountants, bankers, lawyers, consultants, insurance companies, organizations, etc.) for international traders. Available in hard copy and also on CD-ROM. Information on availability and price is available through:

Hirshman Publishing, Inc.
6947 Coal Creek Parkway, S.E.
Suite 362
Renton, WA. 98059-3159
(425) 271-6073

There are a wealth of other magazines and publications on foreign trade, world trade, exporting and importing. You might want to check your local library or the business library at your local college to see what magazines are available and to determine if a particular magazine interests you. Following is a list of just a few of the publications you might want to look at. Contact the companies directly for information on the magazines, including subscription rates.

Foreign Trade Magazine
6849 Old Dominion Drive, #200
McLean, VA. 22101
(703) 448-1338

Global Trade Magazine
North American Publishing Company
401 North Broad Street
Philadelphia, PA. 19108
(215) 238-5300

International Business Magazine
American International Publishing Corp.
500 Mamaroneck Avenue, Suite 314
Harrison, N.Y. 10528
(914) 381-7700

World Trade Magazine
17702 Cowan
Irvine, CA. 92614
(714) 7988-3500
“<http://worldtrademag.com>”

FOREIGN TRADE ZONES

General Information

The Foreign Trade Zones Board has general information on foreign trade zones. For more specific information or for information on a particular zone, contact zone administrators directly. The Board can be reached at:

Foreign Trade Zones Board
Department of Commerce
14th and Constitution Ave., N.W.
Washington, D.C. 20230
(202) 482-2862

Washington State Foreign Trade Zones

<u>ZONE</u>	<u>LOCATION</u>	<u>ADDRESS</u>	<u>PHONE</u>
5	Seattle	Port of Seattle Commission P.O. Box 1209 Seattle, WA. 98111	(206) 728-3615
85	Everett	Port of Everett 1700 W. Marine View Dr. Everett, WA. 98201	(425) 259-3164
86, subzones 86-A, 86-B	Tacoma	Port of Tacoma P.O. Box 1837 Tacoma, WA. 98401	(253) 383-9407
120	Cowlitz County	Cowlitz Economic Development Council U.S. Bank Building 1452 Hudson Street, Suite #208 Longview, WA. 98632	(360) 423-9921
128	Whatcom County	Lummi Indian Business Council 2616 Kwina Bellingham, WA. 98266	(360) 384-1489
129	Bellingham	Port of Bellingham 625 Cornwall Ave. Bellingham, WA. 98227	(360) 676-2500
130	Blaine	Port of Bellingham 625 Cornwall Ave. Bellingham, WA. 98227	(360) 676-2500
131	Sumas	Port of Bellingham 625 Cornwall Ave. Bellingham, WA. 98227	(360) 676-2500

Washington State Foreign Trade Zones, continued

<u>ZONE</u>	<u>LOCATION</u>	<u>ADDRESS</u>	<u>PHONE</u>
173, subzone 173-A	Grays Harbor	Port of Grays Harbor P.O. Box 660 Aberdeen, WA. 98520	(360) 533-9517
188	Yakima	Yakima Air Terminal Board 2400 W. Washington Avenue Yakima, WA. 98903	(509) 575-6149
203	Moses Lake	Moses Lake Public Corp. Port of Moses Lake Grant County Airport Building 1202 7810 Andrews St. N.E. Moses Lake, WA. 98837-3218	(509) 762-5363

ONLINE RESOURCES

There are an amazing number of online resources available to exporters and importers. New sites are being added everyday, and sites sometimes disappear as fast as they appear. If you can't find a site listed below, try using a search engine such as Yahoo or Webcrawler, or try a general trade page, many of which have links to other trade-related sites. You should be aware that there are some alleged "trade" sites that are little more than advertisements for a trade-related book or product. It is strongly recommended that you verify information found online just as you would verify information found in a book. Generally, the major government sites do not often change their addresses and the information in them is usually fairly current, but you should call the specific agencies if you have any questions.

GENERAL SITES

Agriculture, Department of, Foreign Agriculture Service Homepage, "<http://ffas.usda.gov/ffas/>"

Agriculture, Department of, FAS overseas offices list, "<http://ffas.usda.gov/fasservices/oversea.html>"

Bureau of Export Administration (Dept. of Commerce), "<http://www.bxa.doc.gov>"

CIBER of Michigan State University, "<http://ciber.bus.msu.edu/busres.htm>" (directory of international business web sites)

Commerce, Department of, "<http://www.doc.gov/>"

Commercial Service of the U.S. Dept. of Commerce, "<http://www.ita.doc.gov/USCS>"

EXIMBANK Homepage, "<http://www.exim.gov>"

EXIMBANK, small business programs page, "<http://www.exim.gov/msbprogs.html>"

Export Assistance Center Directory, "<http://www.ita.doc.gov/uscs/domfld.html>"

Export Assistance Center, Seattle, "<http://pacificcoasthwy.com/westregion/seattle/>"

Export Directory, U.S., "<http://maingate.net/us-exports.html>"

Export Guide, Small Business Administration, "gopher://gopher.umsi.edu.70/11/library/govdocs/eg_break"

Exporting, Basic Guide to (Dept. of Commerce), "http://www.tradeport.org/ts/t_expert/infobase/basic/"

Federal web locator, "<http://www.law.vill.edu/Fed-Agency/fedwebloc.html#search>"

Foreign Affairs Network (State Dept.), "gopher://dosfan.lib.uic.edu/"

Foreign Government web servers, "http://www.usc.edu/library/GovDocs/foreign_govt.html"

Freetrader's Homepage, "<http://www.freetrader.com>"

GEMS Homepage (global export markets information), "<http://www.itaiep.doc.gov>"

Global Calendar, "<http://www.imex.com>"

Global Export Market Information System, Dept. of Commerce, "<http://www.itaiep.doc.gov/>"

Import Administration, "http://www.ita.doc.gov/import_admin/records/"

Import Guide, US Customs, "<http://www.i-trade.com/dir01/impptgui/>"

International Chambers of Commerce, world index to, "<http://www1.usa1.com/ibnet/chamshp.html>"

International Monetary Fund, "gopher://gopher.imf.org/"

International organizations web servers, "<http://www.edu/library/GovDocs/intl.html>"

International Trade Administration, "<http://www.ita.doc.gov/>"
 International Trade Commission, Homepage, "<http://www.usitc.gov/>"
 International trade statistics, "<http://www.census.gov...pub?foreign-trade/>"
 Market Research resources, "<http://www.ita.doc.gov/uscs/uscs-help.html>"
 National Trade Data Bank, "<http://www.stat-usa.gov/>" (may need to be a subscriber to use)
 Organization for Economic Cooperation and Development, "<http://www.oecd.org/>"
 Organization of American States, "<http://www.sice.oas.org/>"
 Printing Office, US, Homepage, "<http://www.pro.gov/>"
 Seattle, Times (articles searching), "<http://www.seatimes.com/>"
 SIC search, "<http://www.osha.gov/oshstats/sicer.html>"
 Trade Development Alliance of Greater Seattle,
 "<http://www.pan.ci.seattle.wa.us/business/tda/tda.htm>"
 Trade Representative, U.S., Homepage, "<http://www.ustr.gov/>"
 Trade Zone, "<http://www.tradezone.com/tz/trdzone.htm>"
 Treasury Department, Office of Foreign Assets Control, "<http://www.ustreas.gov/treasury/Services/fac/fac.html>"
 U.S. Export Directory, "<http://maingate.net/us-exports.html>"
 USA Today (articles searching), "<http://www.usatoday.com/life/cyber/cyber1.htm>"
 United Nations, Food and Agriculture Organization, "<http://www.fao.org/>"
 U.S. Agency for International Development, "<http://www.info.usaid.gov>"
 Washington Homepage, "<http://www.wa.gov/wahome.html#index>"
 Washington State Office of the Special Trade Representative Homepage,
 "<http://www.wa.gov/wstr/>"
 World Bank Homepage, "<http://www.worldbank.org/>"
 World Fact Book 1995, "<http://www.odci.gov/cia/publications/95Fact>"
 World Trade Center (Seattle) Homepage, "hworldafrs@aol.com"
 World Trade Organization, "<http://gatekeeper.unicc.org/wto/>"
 World Trading Information Center (trade shows, etc.), "<http://www.world-trading.com/>"

AFRICA

African Studies Center server at University of Pennsylvania,
 "[http://www.sas/upenn.edu/African_Studies/AS.html](http://www.sas.upenn.edu/African_Studies/AS.html)"
 South African Trade information resource (ExiNet), "<http://www.aztec.co.za/exinet/>"

ASIA

Asia Pacific Economic Cooperation, "<http://www.apecsec.org.sg/>"
 Asian Development Bank, "<http://www.asiandevbank.org/>"
 AsiaOne Business Directory, "<http://www.asia>"
 Asia-Pacific Homepage, "<http://www.ita.doc.gov/region/asia/pacific/>"
 Asia-Pacific Economic Cooperation Homepage, "<http://www.apecsec.org.sg/>"
 China Economic News Service, "<http://www.cens.com>"
 China Web, "<http://www.comnex.com>"
 Hong Kong Government Supplies Department, "<http://www.info.gov.hk/gsd/tender.htm>"
 Hong Kong Trade Development Council, "<http://www.tdc.org.hk>"

India, Cyber India, "<http://www.cyberindia.net>"
Indonesia Business Center Online, "<http://www.indobiz.com/>"
Japan Information Network, "<http://jin.jcic.or.jp/>"
JETRO, "<http://www.jetro.go.jp/>"
Korea, Gateway to, "http://www.kct.com/2Korea_e.shtml"
Pacific Rim Business Information Services of Seattle Public Library,
"<http://www.spl.lib.wa.us/collec/pacrim/pacrim/html>"
Philippines Business On-Line, "<http://www.eiger.ch/eiger/pbo>"
Singapore Infomap, "<http://www.sg>"

NEWLY INDEPENDENT STATES

BISNIS, "<http://www.itaiep.doc.gov/bisnis/bisnis.html>"
Russian Far East Update, "<http://www.russianfareast.com/wistar.homepage.html>"
Vladivostok News and Information, "<http://www.tribnet.com>"

EUROPE

Czech Information Center, "<http://www.muselik.com/caech/toc.html>"
Europa, "<http://europea.eu.int>"
European Union, "<http://www.eurunion.org>"
France, Doing Business in, "gopher://avril.ambaottawa.fr/11/rep/rep19/rep195"
Germany, general information, "<http://www.chemie.fuberlin.de/adressen/brd.html>"
Ireland, Doing Business in, "<http://www.itw.ie/Itw/binirl.html>"
United Kingdom, Department of Trade and Industry, "<http://www.dti.gov.uk/>"

MIDDLE EAST

Egypt Business Center, "<http://163.121.10.42/amman/main>"
Globes-Israel's Business Arena, "<http://www.globes.co.il/menu.html>"
Turkey, Business and Economy in, "<http://www.turkey.org/turkey/business.htm>"

NORTH AMERICA

Canadian Government Homepage, "<http://canada.gc.ca>"
Department of Foreign Affairs and International Trade, "<http://www.dfait-maeci.gc.ca>"
Government of British Columbia Homepage, "<http://www.gov.bc.ca>"
Industry Canada site (Strategis), "<http://strategis.ic.gc.ca/engdoc/main.html>"
Mexico Business Homepage, "<http://www.nafta.net/mexbiz/>"
NAFTA homepage, "<http://iepntl.itaiepp.doc.gov?nafta/nafta2.htm>"
U.S. Commercial Service in Mexico, "<http://uscommerce.org.mx>"

SOUTH AMERICA/LATIN AMERICA

Inter-American Development Bank, "<http://www.iadb.org/>"
Latin Web, "<http://www.southamericabusiness.com/latinweb/>"

TRADE OFFICES AND CONSULATES IN OR NEAR WASHINGTON STATE*

In general, trade offices or commissions are set up to help promote exports from their country into the U.S. As a result, they may be more helpful to importers than exporters. You should also be aware that some consulates may be very small, lacking in office space or resources. Therefore, it is a good idea to be sensitive to potential limitations when contacting a consulate and be patient when trying to get information or help. Most consuls or their assistants are very willing to return your calls but it may take time.

The consul emeritus is listed when no other consular agent for that country is available locally. FAX numbers were not available for all offices.

AUSTRALIA

Australian Consulate General
1 Bush Street, 7th Floor
San Francisco, CA. 94104
(415) 362-6160
FAX: (415) 986-5440

Australian Trade Commission
Century Plaza Towers, 19th Floor
2049 Century Park East
Los Angeles, CA. 90067
(310) 229-4800

AUSTRIA

Austrian Consul General
4131 11th Avenue N.E.
Penthouse #1
Seattle, WA. 98105
(206) 633-3606
FAX: (206) 632-7786

BELGIUM

Belgian Consul
3214 West McGraw, Suite 301
Seattle, WA. 98199
(206) 285-4486
FAX: (206) 282-9544

Belgian Trade Office
4100 North Miami Avenue
Miami, FL. 33127
(305) 573-0784
FAX: (305) 573-0787

BOLIVIA

Consulate of Bolivia
Parkside Bldg., Suite 25
5200 Southcenter Blvd.
Seattle, WA. 98188
(206) 244-6696
FAX: (206) 243-3795

BRAZIL

Consul General of Brazil
300 Montgomery Street, Suite 1160
San Francisco, CA. 94104
(415) 981-8170
FAX: (415) 981-3628

*Source: Consular Corps of Washington, October 1996 Roster.

CANADA

Canadian Consulate General
Plaza 600 Bldg., Suite 412
Sixth Ave. and Stewart Street
Seattle, WA. 98101-1286
(206) 443-1777
FAX: (206) 443-9662

CHILE

Consul Emeritus of Chile
P.O. Box 2234
Redmond, WA. 98073
(425) 869-0454
FAX: (425) 867-1825

CYPRUS

Consulate of Cyprus
205 Lake Street South, Suite 100
Kirkland, WA. 98033
(425) 827-1700
FAX: (425) 889-0308

DENMARK

Royal Danish Consulate
1201 Eastlake Avenue East
Seattle, WA. 98102
(206) 521-9719
FAX: (206) 442-6608

Danish Trade Commission
Joseph Vance Bldg., Suite 220
1402 Third Avenue
Seattle, WA. 98101
(206) 624-9638
FAX: (206) 442-6608

ECUADOR

Consul Emeritus of Ecuador
13190 Edgewater Lane N.E.
Seattle, WA. 98125
(206) 364-8164
FAX (206) 368-7863

ESTONIA

Consulate of Estonia
500 Union Street, Suite 930
Seattle, WA. 98101
(206) 467-1444
FAX: (206) 467-8129

FINLAND

Consulate of Finland
11045 S.E. 28th Place
Bellevue, WA. 98004
(425) 451-3983
FAX: (425) 451-8864

FRANCE

Consulate of France
P.O. Box 1249
Seattle, WA. 98111-1249
(206) 624-7885
FAX: (206) 340-8837

French Trade Commission
88 Kearny Street, Suite 1510
San Francisco, CA. 94108
(415) 781-0986
FAX: (415) 781-4750

French-American Chamber of Commerce
2101 4th Avenue, Suite 2030
Seattle, WA. 98121
(206) 443-4703
FAX: (206) 448-4218

GERMANY

Consulate General of Germany
2500 One Union Square
600 University Street
Seattle, WA. 98101
(206) 682-4312
FAX: (206) 682-3724

German Consul
South 123 Post
Spokane, WA. 99204
(509) 624-5242
FAX: (509) 624-4232

GREAT BRITAIN

British Consulate
820 First Interstate Center
999 Third Avenue
Seattle, WA. 98104
(206) 622-9255
FAX: (206) 622-4728

GREECE

Greek Consulate
2441 Gough Street
San Francisco, CA. 94123
(415) 775-2102
FAX: (415) 776-6815

GUATEMALA

Consulate of Guatemala
2001 Sixth Avenue, Suite 3300
Seattle, WA. 98121
(206) 728-5920

HONDURAS

Consul General Emeritus of Honduras
Suite 2303
One Union Square
Seattle, WA. 98101-3143
(206) 624-6868
FAX: (206) 624-0812

HONG KONG

Hong Kong Trade Development Council
350 Figueroa Street, Suite 282
Los Angeles, CA. 90071
(213) 622-3194
FAX: (213) 613-1490

HUNGARY

Consulate of Hungary
4416 134th Place S.E.
Bellevue, WA. 90886
(425) 643-1023
FAX: (425) 562-6381

ICELAND

Consulate General of Iceland
5610 20th Avenue N.W.
Seattle, WA. 98107
(206) 783-4100
FAX: (206) 784-8916

INDIA

Indian Trade Promotion Organization
445 Park Avenue
New York, NY 10022
(212) 753-6655
FAX: (212) 319-6914

Indian Consulate
540 Arguillo Blvd.
San Francisco, CA. 94118
(415) 668-0662

INDONESIA

Consulate of Indonesia
1111 Columbus Avenue
San Francisco, CA.
(415) 474-9571

ISRAEL

Consulate General of Israel
456 Montgomery Street
Suite 2100
San Francisco, CA. 94104
(415) 398-8885

ITALY

Italian Consulate
10939 N.E. 49th St.
Kirkland, WA. 98033
(425) 822-4208
FAX: (425) 822-3373

JAMAICA

Jamaican Consulate
8223 South 222nd Street
Kent, WA. 98032
(253) 872-8950
FAX: (253) 277-3211

JAPAN

Consulate General of Japan
601 Union Street, Suite 500
Seattle, WA. 98101
(206) 682-9107
FAX: (206) 624-9097

Japan External Trade Organization (JETRO)
235 Pine Street, Suite 1700
San Francisco, CA. 94104
(415) 392-1333
FAX: (415) 788-6927

KOREA

Consulate General of Korea
1125 United Airlines Building
2033 Sixth Avenue
Seattle, WA. 98121
(206) 441-1101
FAX: (206) 441-7912

Korea Trade Center
4801 Wilshire Boulevard, Suite 104
Los Angeles, CA. 90010
(213) 954-9500
FAX: (213) 954-1707

LUXEMBOURG

Consulate General of Luxembourg
725 First Street South, Apt. 202
Kirkland, WA. 98033
(425) 822-4607

MALAWI

Consul General Emeritus of Malawi
15918 20th Place West
Lynnwood, WA. 98037-2531
(425) 745-3113
FAX: (206) 745-9520

MEXICO

Consulate General of Mexico
2132 Third Avenue
Seattle, WA. 98121
(206) 448-6819
FAX: (206) 448-4771

Mexican Consul
12005 E. Sprague Avenue
Spokane, WA. 99214
(509) 926-4713

Trade Commission of Mexico
Suite 1365-200 Granville Street
Vancouver, British Columbia
Canada V6C 184
FAX (604) 682-1355

NETHERLANDS

Consul of the Netherlands
Columbia Center, Suite 2200
701 Fifth Avenue
Seattle, WA. 98104
(206) 622-8020
FAX: (206) 467-8215

Netherlands-American Chamber of
Commerce
One Rockefeller Plaza - 31420
New York, NY 10020
(212) 265-6460
FAX: (212) 265-6402

NEW ZEALAND

New Zealand Consulate
6810 51st Avenue N.E.
Seattle, WA. 98115
(206) 525-9881
FAX: (206) 525-0271

NORWAY

Royal Norwegian Consulate
806 J. Vance Bldg.
1402 Third Avenue
Seattle, WA. 98101
(206) 623-3957 or 2957
FAX: (206) 622-9552

Vice Consul Commercial of Norway
17428 93rd Avenue N.E.
Bothell, WA. 98011
(425) 486-8510

PERU

Consulate General of Peru
7209 N.E. 149th Place
Bothell, WA. 98011
(425) 488-4705

THE PHILLIPINES

Philippine Trade and Investment Office
1411 Fourth Avenue, Suite 1515
Seattle, WA. 98101
(206) 343-5851
FAX: (206) 343-7825

RUSSIAN FEDERATION

Consulate General of the Russian Federation
2001 6th Avenue, Suite 2323
Seattle, WA. 98121
(206) 728-1910
FAX: (206) 728-1871

SEYCHELLES

Consulate of Seychelles
3620 S.W. 309th Street
Federal Way, WA. 98023
(253) 838-2500
FAX: (253) 838-2787

SPAIN

Consulate of Spain
4655 138th Ave. S.E.
Bellevue, WA. 90886
(425) 237-9373
FAX: (425) 228-6239

SWEDEN

Consulate of Sweden
1215 4th Avenue, Suite 1019
Seattle, WA. 98161
(206) 622-5640
FAX: (206) 622-1756

SWITZERLAND

Consul Emeritus of Switzerland
23328 S.E. 35th Pl.
Issaquah, WA. 98027
(425) 391-3751

TAIWAN

Taipei Economic and Cultural Office
Suite 2410, Westin Bldg.
2001 6th Avenue
Seattle, WA. 98121
(206) 441-4586
FAX: (206) 441-4320

Far East Trade Services, Inc.
555 Montgomery St., Suite 603
San Francisco, CA. 94111-2564
(415) 788-4304
FAX: (415)-788-0468

THAILAND

Consulate General of Thailand
121 S.W. Salmon Street, Suite 1430
Portland, OR. 97204
(503) 221-0440
FAX: (503) 221-0550

Thai Trade Center
3660 Wilshire Boulevard, Suite 230
Los Angeles, CA. 90010
(213) 380-5943
FAX: (213) 380-6476

URUGUAY

Consulate of Uruguay
1420 Fifth Avenue, Suite 4100
Seattle, WA. 98101-2338
(206) 223-7000
FAX: (206) 223-7107

**LIST OF COUNTRIES WHICH HAVE QUALIFIED FOR GENERALIZED SYSTEM OF
PREFERENCE STATUS IN THE PAST***

“INDEPENDENT” COUNTRIES

Angola	Guinea
Antigua and Barbuda	Guinea-Bissau
Argentina	Guyana
Bahamas	Haiti
Bahrain	Honduras
Bangladesh	Hungary
Barbados	India
Belize	Indonesia
Benin	Israel
Bhutan	Jamaica
Bolivia	Jordan
Bosnia-Herzegovina	Kenya
Botswana	Kiribati
Brazil	Latvia
Bulgaria	Lebanon
Burina	Lesotho
Burundi	Lithuania
Cameroon	Madagascar
Cape Verde	Macedonia
Central African Republic	Malawi
Chad	Malaysia
Colombia	Maldives
Comoros	Mali
Congo	Malta
Costa Rica	Mauritania
Cote d’Ivoire	Mauritius
Croatia	Mexico
Cyprus	Morocco
Czech Republic	Mozambique
Djibouti	Namibia
Dominica	Nepal
Dominican Republic	Niger
Ecuador	Oman
Egypt	Pakistan
El Salvador	Panama
Equatorial Guinea	Papua, New Guinea
Estonia	Paraguay
Ethiopia	Peru
Fiji	Philippines
Gambia	Poland
Ghana	Rwanda
Grenada	
Guatemala	

* Source: Basic Guide to Importing, *supra* note 11, at 24-25. Because this list and the items allowed for each particular country may change, always verify that a specific country is listed as qualifying for GSP preferences before relying on the existence of the preference.

Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Sao Tome and Principe
Senegal
Seychelles
Sierra Leone
Slovak Republic
Slovenia
Solomon Islands
Somalia
Sri Lanka
Sudan
Surinam
Swaziland
Tanzania
Thailand

Togo
Tonga
Trinidad and Tobago
Tunisia
Turkey
Tuvalu
Uganda
Upper Volta
Uruguay
Vanuatu
Venezuela
Western Samoa
Yemen Arab Republic (Sanaa)
Zaire
Zambia
Zimbabwe

“NON-INDEPENDENT” COUNTRIES AND TERRITORIES

Anguilla
Aruba
British Indian Ocean Territory
Cayman Islands
Christmas Island (Australia)
Cocos (Keeling) Island
Cook Islands
Falklands Islands (Islas Malvinas)
French Polynesia
Gibraltar
Greenland
Heard Island and McDonald Islands
Macau
Montserrat
Netherlands Antilles
New Caledonia
Niue
Norfolk Island
Pitcairn Islands
Saint Helena
Tokelau
Trust Territory of the Pacific Islands (Palau)
Turks and Caicos Islands
Virgin Islands, British
Wallis and Futuna
Western Sahara

DICTIONARY

Absolute quotas-a total prohibition on the importation of a certain item after a certain number or value of that item has already been imported.

Ad valorem taxes-taxes on the value of an item, sometimes (when “value added”) based on the value of an item which was added at its last stop. For example, if product x is a part of product y, and product x is added to product y at a particular location, that added value is taxed.

Antiboycott regulations-regulations prohibiting any U.S. citizen from participating in any boycott of any country or person who is considered “friendly.” An example is certain clauses often inserted in contracts with Arab countries requiring the parties to agree not to do business with Israel.

Antidiversion laws-laws which apply to exports to ensure they go only to certain destinations.

Antitrust laws-laws which apply to business transactions and are designed to prevent restrictive trade practices.

ATA Carnet-a document that allows import and export of certain items used in business, good for passage through customs of the item in more than 40 countries. The carnet is usually good for a year.

Bill of lading-a shipping document, usually provided by shipping companies or by freight forwarders.

Cash in advance-a method of paying for items which involves giving cash before receiving anything. It is a fairly risky way to pay because it assumes no problems with delivery or with the quality of the items, and that there would be no difficulty in getting the cash back if problems arose.

Commercial invoice-a document required for importing and exporting, usually including all the terms of sale.

Consignment and countertrade-methods of paying infrequently used in international trade. Highly risky and not recommended. Consignment involves placing the goods with a seller who does not pay you unless and until your products sell. Countertrade involves trading your goods for other goods, rather than cash. You will have to sell the goods you receive in trade and may be stuck with unsaleable or inferior products which are worthless.

Copyright-an intellectual property right that registers your right to certain work, such as written works such as a play or book, or photographs, etc.

Countervailing duty-a duty levied on the import of certain foreign goods when it is felt that they were produced under conditions amounting to unfair trade practices.

Country of origin or source country-the country from which an item is imported if that country is where the item was made.

Destination or target country-country to which exports will be sent for sale.

Documentary collections-a method of payment in international trade. *See infra* for more details.

Drawback-customs refund for items which were imported into the U.S. and then reexported. A drawback is the repayment or refund of all or part of the customs duties which were paid on the items when they were brought into the country.

Dumping-selling an item for less than its fair market value. Considered an unfair trade practice.

Dumping duty-a duty levied on items brought into the U.S. when those items are believed to have been dumped in the country. May apply if items were previously dumped, even though current prices do not indicate dumping.

Duties-fees paid on items as they pass the border of a country. Duties are based on many things, sometimes on the value of the item, as a percentage of the value, or based on quantity, or both.

Embargoes-complete prohibitions on trade with another country. Embargoes usually prohibit or restrict even travel to that country.

Export license-a license required for exporting ANY product from the U.S. Both general and validated licenses exist.

Exporting-taking products (goods or services) from one country and selling them in another country.

Foreign Trade Zone-areas within the geographic boundaries of the U.S. which are treated as if they were foreign soil for Customs purposes.

Freight forwarder-a company or person who handles the shipping of items from one country to another. Usually handles all documentation requirements.

General export license-a license for all exporters to export a certain item from the U.S. The individual exporter does not need to apply for the license but such a license MUST exist.

Import license-license required to import certain items into the U.S.

Importing-bringing products (goods or services) from a foreign country into another country for sale.

Intangibles-items, other than goods, which have economic value and are sold. Examples include copyrights, trade secrets, services, etc.

Incoterms-international business terms used throughout the world.

Intellectual property-rights to certain information owned by a company or the company's name, symbols registered to the company, or other intangibles. Examples include copyright, trademark, patents, etc.

International law-there are two kinds of international law generally recognized. Public international law is the law created when countries agree to treaties. Private international law is the law created between private parties, for example when they write a contract.

Irrevocable confirmed letter of credit-a method of payment commonly used in international trade. A letter of credit is essentially a promise by a bank that it will pay for the account of someone when certain requirements are met. A letter of credit is irrevocable when it cannot be revoked by either party, and it is confirmed when a U.S. bank agrees to pay the amount due even if the foreign, issuing bank defaults.

Joint ventures-arrangements between businesspeople (and sometimes government entities) to participate together in a business deal.

Letters of credit-the most common method of payment in international trade. Irrevocable, confirmed letters of credit only are recommended. Letters of credit involve bank guarantees of payment.

Open account-method of paying in international trade which involves keeping an account for a seller or buyer. Fairly risky.

Pro forma invoice-a document generally required for shipping, whether importing or exporting. Contains the information of the agreement between the parties.

Quotas-specific limits on the quantity or value of certain items which can be imported.

Services-a "performance" product i.e. a product which is not a good and which involves mostly the provision of assistance, advice or other help to the customer. Examples include accounting, legal services, architectural services, and engineering.

Subsidies-payments or benefits given by one country to the manufacturers or producers of a particular product in their country to help them compete internationally or to give them an advantage.

Target country-country to which you are planning to export.

Tariff rate quotas-quotas which allow certain quantities or values of an item to come into the country at a reduced duty rate. After the specific quantity or value is met, other items may be imported but the duty rate will be higher.

Trade deficit-commonly used to describe the situation in which a country purchases more goods imported from other countries (imports) than that country sells in foreign countries (exports).

Trade shows-events at which industry or other professionals display and sell their wares. There are many variations, including industry-specific trade shows, country-specific trade shows, and others.

Trade surplus-commonly used to describe the situation in which a country exports more products (sells more products in foreign country) than it imports (buys from foreign countries).

Trademark-a mark or symbol or sometimes even a name that is "owned" by a company which has registered the right to exclusive use of it.

Transshipment-where a product made in one country is taken to another country for sale, sometimes without identifying the originating country. Sometimes used to get around foreign buyers' hesitations to buy items made in particular countries, especially if the buyer's home country forbids trade with the originating country.

Unfair trade practices-activities considered to be unfair because they influence or affect the free trade of goods and services. Examples include subsidies, regulations prohibiting foreigners from selling certain products, or other limits. The rules on which countries can use trade practices generally seen as unfair are complex, because some less developed countries have been allowed to keep some trade programs intact even though the programs may have some "unfair" aspects to them. The U.S. Trade Representative examines unfair trade practices and publishes a yearly summary of those practices (available through the government printing office).

Validated export license-a specific license for export which is issued to a particular exporter for export of a particular good.

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